

Mid-term review of the EIB Group Climate Bank Roadmap

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Acronyms

AET	Adapted Economic Test
AR6	IPCC Sixth Assessment Report
CAB	Climate Awareness Bond
CIR	Commission Implementing Regulation (2022/2453)
COP	Conference of the Parties
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do No Significant Harm
ELENA	European Local Energy Assistance
ELP	Energy Lending Policy
EMDC	Emerging markets and developing countries (without China)
FELICITY	Financing Energy for Low-carbon Investment — Cities Advisory Facilities
GDP	Gross domestic product
IEA	International Energy Agency
IMF	International Monetary Fund
IPCC	Inter-governmental Panel on Climate Change
JASPERS	Joint Assistance to Support Projects in European Regions
JETP	Just Energy Transition Partnership
LCF	Low-carbon Framework
MDB	Multilateral Development Bank
MS	Minimum safeguards
NDC	Nationally Determined Contribution
PASSA	Project Advisory Support Service Agreement
PATH	Paris Alignment of Counterparties framework
SAB	Sustainability Awareness Bond
SC	Substantial contribution
TSC	Technical Screening Criteria
TCFD	Taskforce on Climate-related Financial Disclosures

Overview and key findings

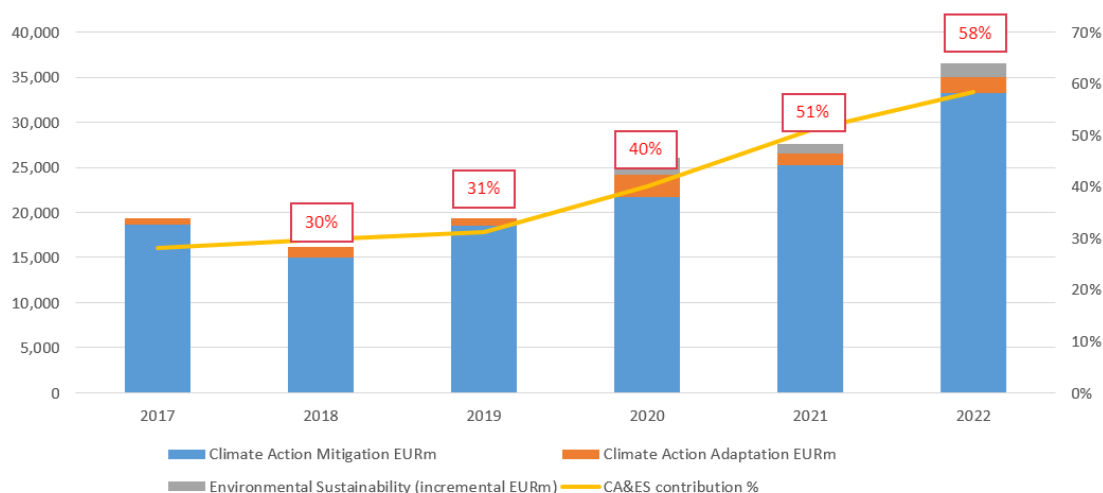
1. The EIB Group Climate Bank Roadmap ('the Roadmap') 2021-2025 operationalises the EIB Group's 2019 ambition to support a just transition to low-emission, climate-resilient and environmentally sustainable development and the objectives of the European Green Deal. This document presents the mid-term review of the progress made so far in implementing the Roadmap. It takes stock of progress and proposes necessary adjustments for the remainder of the Roadmap's implementation period, which runs until the end of 2025. In doing so, this report builds on the Roadmap's [2021](#) and [2022](#) progress reports and its Results Framework.
2. This overview summarises the progress made to date by the EIB Group against the three high-level commitments in the Roadmap; considers whether the Roadmap remains valid as an operational framework for the EU climate bank, particularly in light of external developments since 2020; and highlights some of the lessons learnt from implementing this ambitious framework, setting out some adjustments for the remainder of its implementation period.

EIB Group on track to meet headline Climate Bank Roadmap commitments

3. The Roadmap contains three high-level commitments: (i) an increase in EIB financing for climate action and environmental sustainability (CA&ES) to more than 50% of annual financing by 2025 and beyond; (ii) EIB Group support for €1 trillion of investment in climate action and environmental sustainability in the critical decade to 2030; and (iii) alignment of all new EIB Group operations with the principles and goals of the Paris Agreement by the start of 2021.

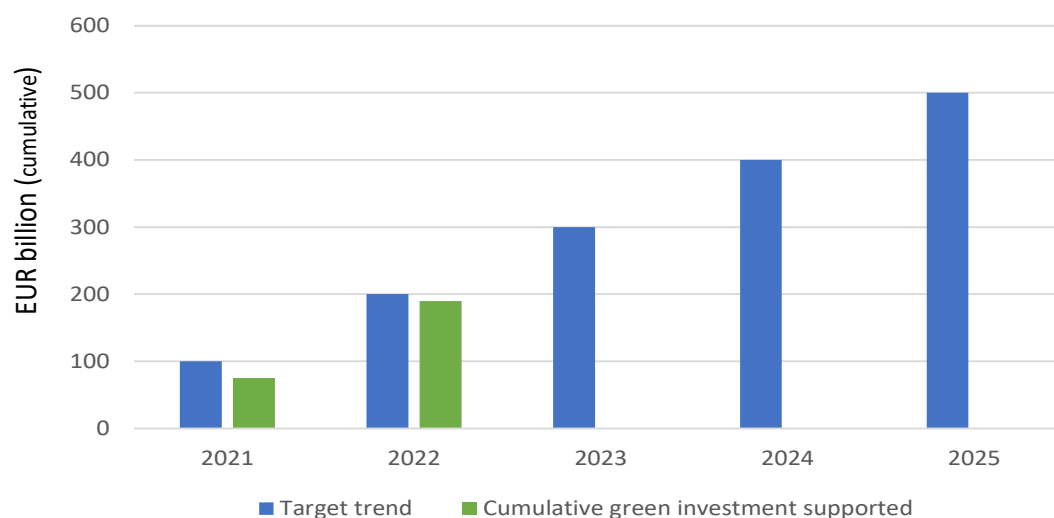
Figure 1: Headline Roadmap results in perspective¹

Panel A: Target to exceed 50% EIB green finance by 2025



¹ Historically the EIB has focused on the tracking of finance contributing to the objectives of climate change mitigation and climate change adaptation. Tracking of finance contributing to the environmental sustainability objectives began only as from 2020.

Panel B: EIB Group progress in supporting €1 trillion of green investment in the decade 2021-2030²



4. As shown in Figure 1, the EIB Group has made considerable progress in meeting these commitments. Panel A summarises progress on the first commitment — the EIB commitment to increase its share of green financing to more than 50% by 2025. It shows that the EIB’s share of green financing reached 58% in 2022, three years ahead of the 2025 target date. Panel B summarises solid progress towards the second commitment — to support €1 trillion of investment in climate action and environmental sustainability over the decade to 2030.
5. Finally, in terms of the third commitment — to align all new EIB Group operations with the principles and goals of the Paris Agreement, the Group has implemented a coherent alignment framework across its new operations, covering a wide variety of financial products and counterparties across the globe. This has been conducted in a transparent manner, a point widely acknowledged by stakeholders. As highlighted below, moreover, this work for new operations is part of the wider 2019 ambition to align all its financing activities.
6. Thus, halfway through the implementation of the Roadmap, this mid-term review shows that our commitment to align new operations with the Paris Agreement has been met; delivery of the commitment to raise the share of green financing to over 50% is ahead of schedule; and the commitment to support €1 trillion of green investment by 2030 is broadly on track.

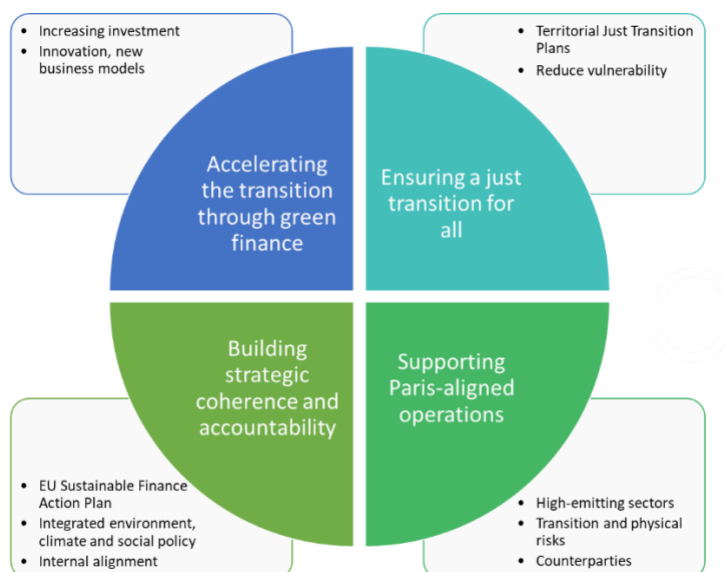
The Climate Bank Roadmap framework remains “fit for purpose” for the EU climate bank

7. The EIB Group’s Climate Bank Roadmap is more than a means to deliver solely on a set of commitments. It is an operational framework, within which the EIB Group seeks to develop as the EU climate bank. This framework is based around four workstreams shown in Figure 2: accelerating the transition through green finance and ensuring a just transition for all, encompassing the various investment dimensions of the European Green Deal; supporting the alignment of all its financing activities with the principles and goals of the Paris Agreement, in line with the joint MDB approach; and building strategic coherence and accountability). Progress on each of the workstreams is detailed in Chapters 3-6 of this report.
8. The Roadmap was devised in early 2020, at the height of the coronavirus pandemic. There have been considerable developments in climate policy, as well as market dynamics, since that time. It is therefore

² A correction has been made to the 2022 figures compared with data published in the 2022 EIB Group Sustainability report and 2022 Climate Bank Roadmap Progress report.

natural, at this mid-term stage, to pose the question whether this framework remains valid for the EU climate bank, or whether new dimensions need to be added.

Figure 2: The four workstreams of the Roadmap



9. Following an introduction to the Roadmap, Chapter 2 of this review outlines the key external developments since the Roadmap was adopted. One such development concerns emerging evidence around the need to accelerate green investment, which correlates directly to workstream 1 of the Roadmap. The [IPCC's Sixth Assessment report](#), published in 2022 and 2023, together with the first [Global Stocktake](#), highlight the need for further global ambition to reduce greenhouse gas emissions and build resilience, if warming is to be kept within safe levels. It follows that the scale and speed of green investment need to be increased significantly. New estimates suggest the need for an increase in green investment globally by multiples of three to six by 2030 (for example, [IEA World Energy Investment 2023](#), or the [Independent High-level Expert Group on Climate Finance 2022](#)).
10. This evidence also underscores that the investment gap is particularly acute for emerging markets and developing countries (excluding China), compounded in many cases by an existing lack of fiscal space and deteriorating conditions to access international capital markets. This has led to renewed focus on international climate finance, and particular attention to the role of multilateral development banks, as seen through important initiatives such as the [New Global Financing Pact](#). This need for international climate finance also highlights the importance of a just transition, as emphasised in the Roadmap's second workstream. This remains a key focus for the EIB Group, working in close partnership with the European Commission and the community of multilateral development banks, and is reflected in the Group's decision to pool all its operations outside the European Union under EIB Global in 2022.
11. A second important development concerns the implementation of the European Green Deal. While the European Commission proposal on this initiative was known at the time of the Roadmap's development, most elements of its *Fit for 55* package have now been approved. Several elements, such as emissions trading systems or the carbon border adjustment mechanism, reinforce the role of carbon pricing, which in turn will drive green investment. The Roadmap's first workstream emphasises the role of the EIB, as a public bank, in supporting new business models and investments responding to EU regulatory measures. Developments such as the EU Social Climate Fund are also relevant to the Roadmap's second workstream of supporting a just transition.
12. Finally, a third important development relates to the EU sustainable finance agenda. While the EU Taxonomy Regulation had been adopted at the time of the Roadmap's development, there have been considerable advances in terms of the Taxonomy's implementation framework and corresponding experience in the market. This topic is covered in the Roadmap's fourth workstream, which promotes overall coherence in the Roadmap's approach. Implementation of the sustainable finance agenda has

also resulted in a number of important regulatory measures, with implications for the tracking of EIB climate action and environmental sustainability finance (and therefore its climate and sustainability awareness bonds), including for the Roadmap's third workstream on supporting Paris-aligned operations.

13. In conclusion, in the two and a half years of Roadmap implementation to date, there have been several important developments in the external environment. The EIB Group's responses to these have been developed through the Roadmap's four workstream structure, as further expanded in Chapters 3-6 below. This review concludes that the Roadmap remains a valid framework for the EIB Group for the foreseeable future. In this sense, the Roadmap remains "fit for purpose".

Learning lessons from the implementation of an ambitious programme

14. The Roadmap is an ambitious operational framework that creates new opportunities for the EIB Group. Its implementation has also created change throughout the organisation — from the products it is able to offer to the type of engagement it has with clients, across a range of internal processes and procedures. After two and a half years of implementation, reflecting numerous interactions with different EIB Group clients and partners, it is natural to reflect on lessons learnt, in addition to taking stock of relevant changes in the operating environment.
15. This review therefore makes a number of adjustments to the Roadmap and supporting documents, while retaining the Roadmap's overarching ambition and structure. These adjustments can be divided among three groups, as follows:
16. **Group 1: Support for the EU sustainable finance agenda.** As the EU Climate Bank, the EIB Group supports the European Green Deal, including the development and integration of the EU sustainable finance Taxonomy. Since 2021, the EIB Group green finance tracking methodology has integrated Taxonomy criteria for substantial contribution to climate objectives, initially referring to the Technical Expert Group recommendations in 2021, then applying the Climate delegated act criteria from 2022, as appropriate. In addition, the EIB Group Paris-alignment framework has reflected its Taxonomy criteria for doing no significant harm (DNSH) to climate objectives, as appropriate. The Group thus ensures that its green finance, which may include but is not limited to Taxonomy-aligned activities, supports climate action and that its investments cause no significant harm to climate objectives.
17. This review nevertheless acknowledges emerging challenges and adjusts the approach set out in the Roadmap accordingly. In particular and as recognised by market participants and the European Commission, certain elements of the Taxonomy have proven more complex than previously expected. Current limitations in data availability and usability questions, in particular, require more work and market engagement to allow for further integration of Taxonomy DNSH technical screening criteria and minimum safeguards into the EIB Group climate action and environmental sustainability finance tracking system. This approach will help explore how to apply the Taxonomy's activity-based design to use-of-proceeds business models like EIB's.
18. **Engagement to enhance market usability.** Going forward, the EIB Group will therefore continue to engage with the European Commission, including via the Platform on Sustainable Finance, as well as Group clients and other market actors to clarify current challenges and support operationalisation of the Taxonomy in the market. The Group also plans to continue the gradual integration of the Taxonomy into its green finance tracking methodology, including - as a next step - the criteria for substantial contribution to environmental objectives beyond climate. The Group will also continue to apply its Environmental and Social Sustainability Framework and Paris-alignment framework as safeguards against environmental and social harm. And finally, it will continue to report transparently, both on its climate action and environmental sustainability finance and on EU Taxonomy-related developments, in its annual progress reports.
19. **Group 2: EIB Group Paris alignment low-carbon framework for new operations.** This mid-term review adjusts Annex 2 to the Roadmap, which sets out the Group framework for alignment of its finance with the temperature goal of the Paris Agreement. It does so for three reasons: (i) to update the framework to reflect recent developments within the EIB Group (such as the conclusions of the mid-term review of its Energy Lending Policy); (ii) to incorporate the criteria for 'do no significant harm' to climate change objectives from the Taxonomy's 1st Climate Delegated Act, in general, as a floor to the framework, in

line with the intention stated in the Roadmap; and (iii) to respond to lessons learnt and market feedback, in particular to further refine the simplified approach to supporting micro-enterprises, as well as provide greater clarity to clients more generally.

20. **Group 3: EIB Group Paris Alignment of Counterparties (PATH) framework.** Published in 2021 and revised in 2022 in response to the REPowerEU package, this framework expands the Roadmap's approach towards aligning new operations to the Paris Agreement, to consider the wider activities of its clients. Building on lessons learnt from implementation, client feedback, and the evolving EU regulatory framework for non-financial disclosures, the review adjusts the PATH framework and ensures consistent application both within the European Union and beyond.

Looking ahead

21. The Roadmap represents a strategic change for the EIB Group, creating new opportunities to support EU climate policy, as the EU climate bank. At this mid-term stage, the Group has met one of its main commitments: to align new operations with the goals of the Paris Agreement. It is ahead of schedule on the commitment to devote more than 50% of the EIB's financing to climate action and environmental sustainability by 2025 and beyond. The EIB Group is also on track to support €1 trillion of green investment in the decade to 2030. More broadly, as a dynamic operational framework structured around four workstreams, the Roadmap remains "fit for purpose" for the foreseeable future.
22. The investment challenge facing the European Union and EIB partner countries in the years ahead is nevertheless substantial. While acting in accordance with its operating model, mandate and business constraints, the EIB Group will continue to strive to support the achievement of the European Union's climate goals and supporting policies. The Group recognises the difficult choices confronting governments around the world as they strive to scale up investment to decarbonise energy systems, protect against climate change impacts, transition to a circular economy and restore and develop natural capital stocks. This challenge is currently compounded by rising costs of capital, significantly higher volatility — both in prices and supply chains — across some key markets, as well as wider concerns about underlying funding models, notably in terms of the distributional impacts on more vulnerable groups.
23. The EIB Group remains optimistic about the ability of the European Union, and the world more generally, to meet this investment challenge. While the scale and speed of change required remain unprecedented, recent years have witnessed extraordinary progress: over 140 countries have announced or are considering net zero targets; impressive growth continues in core low-emission technologies — for instance, the share of electric cars in total global sales has more than tripled in three years, from around 4% in 2020 to 14% in 2022; global sales of heat pumps grew by 11% in 2022, and by 40% in Europe). Europe can and must rise to the green investment challenge to reduce emissions, drive innovation and compete internationally, thus securing long-term quality employment.
24. The Roadmap's implementation period runs until the end of 2025. The EIB Group will therefore consider further its approach to climate action and environmental sustainability for the post-2025 period. This will involve consideration of how the EIB Group, given its constraints and business model, can best support the European Union's wider ambition, including global outreach in cooperation with public and private sector partners. The Group will also continue to report annually on its progress in delivering the Climate Bank Roadmap.

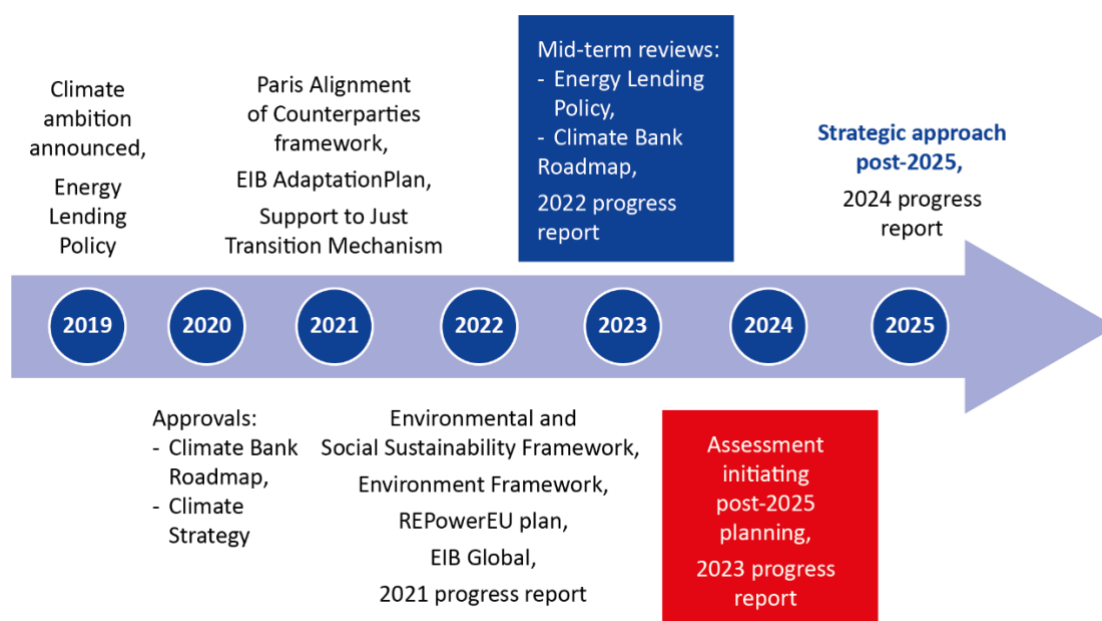
1 Introduction

- 1.1 **The EU climate bank.** 2019 marked an important turning point for the EIB Group. Recognising the need to drive new investment to transform energy systems, build resilience and protect natural capital, the EIB Board set a new benchmark in terms of its climate action and environmental sustainability ambition, shaped around three elements.³ While the Roadmap originally called on the EIB to increase the share of its financing for climate action and environmental sustainability (green) activities to more than 50% by 2025, the scale of financing required for the green transition led to the adoption of a complementary target: for the EIB Group to support €1 trillion of green investment in the critical decade 2021-2030. This target reflects the leveraging effect of the Group's financing through private mobilisation and public co-financing. In addition, the impact of increasing the EIB's share of green financing could be undermined if other EIB Group financing were to simultaneously prevent achievement of the goals of the Paris Agreement. A third target was therefore introduced to ensure that all new Group financing operations were aligned with the principles and goals of the Paris Agreement by the start of 2021.
- 1.2 **The Climate Bank Roadmap operationalises these new ambitions.** In 2020, The EIB Group developed a detailed operational plan to support delivery of its new ambition, the [EIB Group Climate Bank Roadmap 2021-2025](#) ('the Roadmap'). The Roadmap is structured around four workstreams illustrated in Figure 2 above. Its first workstream anchors the increase in EIB green finance within the framework of the European Green Deal. It also recognises the need to ensure a just transition towards a low-emission and climate-resilient economy — the second workstream. The third workstream, building on earlier work to develop the 2019 EIB Energy Lending Policy, set out the EIB Group's Paris alignment framework in terms of both the Paris Agreement's temperature goal and its goal on adaptation to current and future climate change. The fourth workstream placed the EIB Group approach within the wider context of EU sustainable finance and committed to moving towards a more integrated environmental, climate and social sustainability policy framework.
- 1.3 In doing so, the EIB Group recognised the importance of the EU Taxonomy Regulation in the context of the EU Plan on Financing Sustainable Growth and the EU Capital Markets Union. The regulation aims to establish a single set of core evaluation criteria to enhance the comparability of non-financial disclosures. With investors, intermediaries and end-users of capital classifying and reporting the sustainability of their activities uniformly across jurisdictions, financial markets can more efficiently price the degree of investment sustainability. That facilitates sustainable investment and makes it more effective. This early recognition by the EIB Group led to the announcement in the Roadmap of the plan to (a) align its green tracking methodology with the evolving Taxonomy framework over time; (b) reflect such ongoing alignment to capital markets via progressive extension of the eligibilities for allocation from the EIB's Climate and Sustainability Awareness Bonds (EIB's use-of-proceeds bonds); and (c) gradually align these bonds with the upcoming EU Green Bond Standard.
- 1.4 **The Roadmap evolves over time.** It provides an operational framework within which the various parts of the EIB Group have worked to progress and improve delivery. As shown in Figure 3, at the time the Roadmap was developed, it was acknowledged that several important elements of the approach were still to be developed. In 2021, the EIB Group therefore established its [Paris Alignment of Counterparties \(PATH\) framework](#), which sets out its approach to addressing the Paris alignment of the wider operations of EIB Group counterparties. In 2021, the EIB also developed its first dedicated [plan to support adaptation to climate change](#) and in early 2022, the EIB Group published its new [Environmental and Social Policy](#), supported by revised [EIB environmental and social standards](#) and [EIF environmental, social and corporate governance principles](#). In 2022, the EIB also published its [Environment Framework](#), which presents the EIB's approach to supporting the four non-climate environmental objectives of the EU Taxonomy, namely, sustainable use and protection of water and marine resources, transition to a

³ The EIB Group's "climate action" objectives are climate change mitigation and climate change adaptation; and its "environmental sustainability" objectives are sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. These objectives correspond to the full set of environmental objectives of the EU Taxonomy Regulation.

circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Figure 3: The Roadmap as an evolving framework and a key part of the broader EIB Group context



- 1.5 **Transparency on progress.** Transparency is a key feature of the Roadmap. Its Annex 2 on Paris alignment low-carbon framework, for example, presented in detail the EIB Group's approach by both sector and product. The EIB Group was one of the first financial institutions to publish such a detailed approach. The Roadmap, moreover, requires the publication of annual progress reports. The [first report](#) covering 2021 introduced a formal Results Framework, demonstrating how the delivery of finance and advisory services by the EIB Group translates into tangible impact on the ground. A [second report](#) covering 2022 was published in the first half of 2023. These Roadmap-specific reports are complemented by reports such as the Group's annual Sustainability Report and the Taskforce on Climate-related Financial Disclosures report, which provide detail on wider sustainability and climate risk-related topics.
- 1.6 **Taking stock at mid-term.** The Roadmap covers a five-year period, reflecting the review cycle and ratcheting mechanism provided for by the Paris Agreement. This document presents the 2023 mid-term review anticipated in the Roadmap "to take stock of the progress made and to consider necessary adjustments for the remainder of its implementation period." Therefore, the mid-term review prevails in case of discrepancies with the Roadmap.⁴ This mid-term review will also inform further assessment in 2024 and revisions for the subsequent period.
- 1.7 **This review is structured as follows.** Chapter 2 places delivery of the Roadmap in the context of key developments in European Union and international climate and environmental policy. Chapters 3 to 6 take stock of progress in each of the Roadmap's workstreams, and outline the necessary adjustments for the remainder of the implementation period to 2025. Finally, Chapter 7 presents the next steps towards implementation of the adjustments identified.

⁴ For example, as described in Chapter 6 below, Table 5.3 of the Roadmap is outdated and no longer applicable.

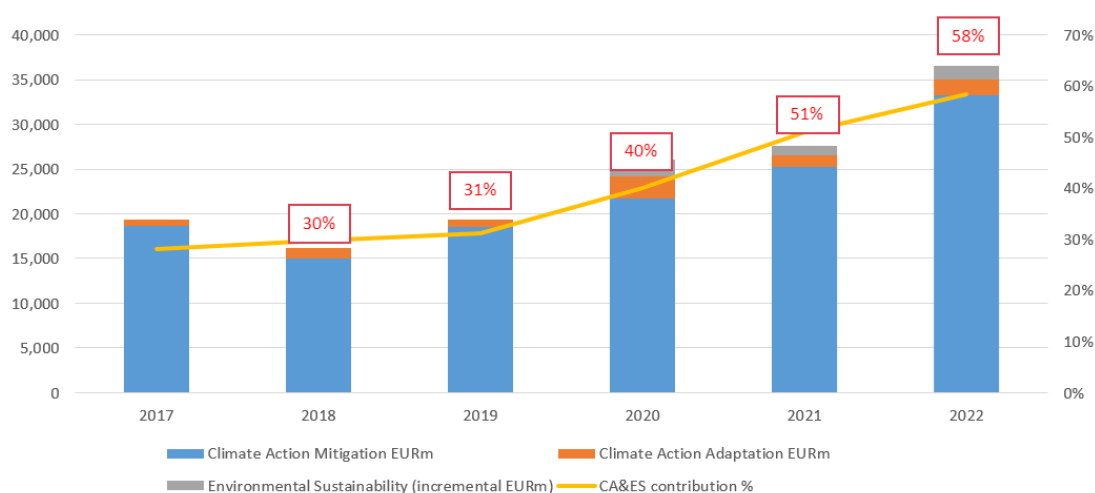
2 Delivering on the Roadmap within an evolving context

Steady progress on delivery of the Roadmap's ambition

- 2.1 **Strong growth in EIB green finance.** Figure 4, below, presents the EIB's progress in green finance. Panel A demonstrates the rise in the volume and share of green finance within the EIB's overall financing operations. When the Roadmap was developed in 2019, the share was approximately 30%. It has grown strongly since, almost doubling to 58% in 2022. For its finance outside the European Union, the share rose to 49% in 2022. In volume terms, EIB green finance has risen from less than €20 billion in 2018 to over €35 billion in 2022.

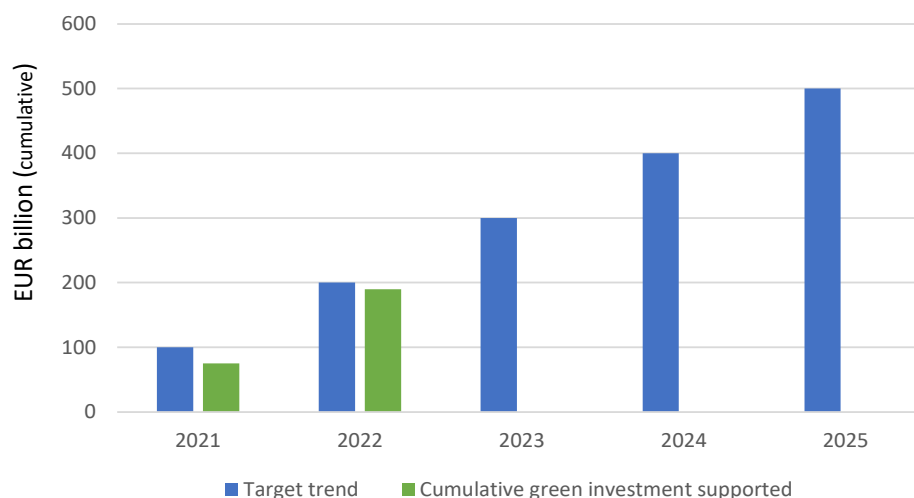
Figure 4: Headline Roadmap results in perspective⁵

Panel A: Target to exceed 50% EIB green finance by 2025



⁵ Historically the EIB has focused on the tracking of finance contributing to the objectives of climate change mitigation and climate change adaptation. Tracking of finance contributing to the environmental sustainability objectives began only as from 2020.

Panel B: EIB Group progress in supporting €1 trillion of green investment in the decade 2021-2030



- 2.2 EIB Group finance supports a significant volume of green investment.** The EIB Group provides a broad range of financial instruments: from quasi-equity products and guarantees to junior and senior debt, typically limited to 50% of the investment cost of each project. These instruments therefore leverage additional investments by the public and private sectors. Panel B shows how EIB Group finance supports overall investment in green activities and that, although still in the first half of the decade to 2030, the Group is on track to meet its target of supporting €1 trillion of green investment this decade.
- 2.3 Work in progress.** The Roadmap is not a static document but rather a dynamic operational plan and the EIB Group is mindful of the challenges that remain in the global and just transition to a low-emission, climate-resilient and environmentally sustainable economy. Before examining Roadmap delivery in more detail, this document takes stock of the key scientific and policy developments that have taken place since the Roadmap was adopted in 2020 and of current market conditions.

A sustained expansion of investment is required

- 2.4 The global carbon budget is tightening fast.** In 2023, the IPCC published the [Synthesis Report](#) of its Sixth Assessment Report (AR6). This summarises current scientific knowledge of climate change, its widespread impacts and risks. In an [Addendum](#) to the report, the IPCC estimates that under current Nationally Determined Contributions (NDCs), 86% of the total remaining global carbon budget⁶ (to limit warming to 1.5°C above pre-industrial levels) will have been consumed by 2030. The report concludes that greenhouse gas emissions need to fall by 43% by 2030 compared with 2019 levels for the global temperature to stay within the 1.5°C target. Further, the [Global Stocktake](#), a central element of the Paris Agreement, designed to enable countries to monitor progress in meeting the goals of the Paris Agreement, highlights the need for further global ambition to reduce greenhouse gas emissions and build resilience, if warming is to be kept within safe levels.
- 2.5 Reducing emissions rapidly requires a significant, rapid and sustained expansion of green investment.** The IPCC's Sixth Assessment Report also reviews⁷ current global investment in low-carbon technologies compared with what is required over the decade to keep warming below 2°C. It concludes that current global financial flows⁸ for climate change mitigation must increase by three to six times to reach required

⁶ The IPCC estimates the total global carbon budget at 500 gigatonnes (Gt) of carbon dioxide (CO₂) from 2020 to limit warming to 1.5°C with a 50% likelihood. Based on current NDCs, cumulative CO₂ emissions from 2020 to 2030 are estimated at 430 Gt CO₂ or 86% of the budget, leaving a post-2030 carbon budget of 70 Gt CO₂, equivalent to some two years of projected global CO₂ emissions to 2030.

⁷ See Figure TS.25 in [IPCC AR6 WGIII TechnicalSummary.pdf](#)

⁸ This factor varies substantially across sectors. In the case of electricity, the increase required is a factor of two to five. For agriculture, forestry and land use, by contrast, it is a much larger factor of ten to thirty.

levels by 2030. This excludes the additional investment required for climate change adaptation and for restoring and protecting nature.

- 2.6 **Particular attention is required for emerging markets and developing countries.** As highlighted in the [IEA World Energy Investment 2023](#), there is a worrying lack of green investment today in many emerging markets and developing countries. This is also illustrated in the IPCC's results, which demonstrate that given its low current base, green investment in Africa needs to increase by 5 to 12 times and in Southern Asia by 7 to 14 times. By contrast, the equivalent factor in Europe is two to four times. Even when financing is available on concessional terms, investment is constrained in many developing countries by a chronic lack of fiscal space⁹. More generally, the cost of capital remains prohibitively high in many of these countries.
- 2.7 **Scaling up international climate finance is critical.** Against this background, the need to scale up international financial flows for green investment has been a key focus of recent annual COP meetings. In 2022, a report of the [Independent High-level Expert Group on Climate Finance](#) recommended that \$1 trillion in external finance be mobilised for emerging markets and developing countries (excluding China) by 2030. It also provided recommendations on how to accelerate finance, mobilise private finance, reform the role of multilateral development banks, expand concessional finance, and address indebtedness.
- 2.8 **Increasing investment in adaptation is needed to close the adaptation finance gap.** Despite progress in adaptation planning and investment, implementation of adaptation actions remains slow, against a backdrop of intensifying extreme and slow-onset climate change-related events across the globe. Developing countries are particularly vulnerable to the impacts of climate change, with international adaptation finance flows five to ten times below their estimated needs, according to the [UN Environment Programme](#). Creating the right incentives, including through early-stage technical assistance and concessional financing, is crucial. This can also facilitate the much-needed involvement of the private sector.
- 2.9 **A new global financing pact is taking shape.** The Bridgetown Initiative, launched in 2022, has also highlighted the need to reform the global financial architecture and tackle debt vulnerability. In this context, President Macron of France and Prime Minister Mottley of Barbados jointly hosted the Summit for a New Global Financing Pact in Paris in June 2023. The [Summit statement](#) calls on multilateral development banks to “*play a key role to promote just transitions and foster sustainable development at the global level through increased financing, policy advice and technical assistance for the benefit of developing countries, particularly least developed and most vulnerable countries*”. The following chapters, in particular Box 3, presents a number of EIB Group initiatives responding to this statement.
- 2.10 On the related challenge of biodiversity loss, 196 countries adopted the [Kunming-Montreal Global Biodiversity Framework](#) in the second phase of the 15th Convention on Biological Diversity Conference of the Parties (CBD COP15) in Montreal in December 2022. The agreement, with its landmark commitment to protect 30% of land, inland water and coastal and marine areas considered important for biodiversity by 2030, places nature and biodiversity on an equal footing with climate as from 2023.

Implementation of the European Green Deal

- 2.11 **Climate policy and responses to the pandemic and the war in Ukraine.** The European Union launched the European Green Deal in 2019 before the onset of the coronavirus pandemic. In addition to the human loss and suffering, the economic impact of the pandemic in the European Union was more pronounced than that of the global financial crisis in 2008 and resulted in a 6% fall in real GDP. Unprecedented efforts, notably through the InvestEU programme, the [Next Generation EU](#) package, including the [Recovery and Resilience Facility](#), helped mitigate the pandemic's socioeconomic impact in the European Union. Growth returned in spring 2021, despite major disruptions to global supply chains.

⁹ See [Chamon, M. et al., \(2022\), Debt-for-Climate Swaps: Analysis, Design and Implementation IMF WP/22/162](#), which demonstrates that just under half of least developed countries (LDCs) currently have negative fiscal space and two-thirds have fiscal space of less than 20% of GDP. Among the 29 low-income countries that submitted estimates of climate change adaptation needs in the context of their NDCs, only seven have sufficient fiscal space to finance them.

However, the impact on public finances has been structural, with debt and deficit ratios in EU Member States likely to remain elevated over the medium term, potentially restricting the fiscal space and increasing the cost of capital for green investment.

- 2.12 In February 2022 Russia invaded Ukraine. Although first and foremost a human tragedy, the war has also resulted in profound changes to Europe's energy supply and has exacerbated inflation in energy and agri-food markets as well as output prices across the economy. While energy security concerns have risen to the top of the European agenda, inflation in key areas including energy, food and agricultural inputs has hit developing countries particularly hard. Geopolitically, the war has heightened the European Union's awareness of the need to de-risk supply chains and the European Union responded with the REPowerEU package to diversify the European Union's energy sources and spur investment to accelerate the green transition. As shown in Box 1 below, the EIB Group's response to the REPowerEU package was agreed in early 2023, prior to finalisation of the mid-term review of the EIB Energy Lending Policy.

Thus, despite two extraordinary external shocks to its economy, the European Union has continued to implement the European Green Deal. In addition, at the time of developing the Roadmap, the European Commission had proposed an ambitious EU Climate Law to set a legally binding EU target of zero net greenhouse gas emissions by 2050. This law has since come into effect as from July 2021, providing certainty to the market and also setting an interim target of a 55% reduction in greenhouse gas emissions by 2030, compared with 1990 levels.

Box 1: EIB support for clean energy: REPowerEU, the European Green Deal Industrial Plan and the mid-term review of the EIB Energy Lending Policy

The EIB Energy Lending Policy (ELP), adopted in 2019, sets out how the EIB, as a public bank, can help support the European Union in meeting its ambitious climate and energy targets. Since 2022, the energy sector has been confronted with the Ukraine conflict, which has sparked an energy crisis and exposed the risks associated with the European Union's dependency on Russian and overseas fossil fuels.

In response, the European Union launched [REPowerEU](#), an ambitious plan to reduce Europe's dependence on fossil fuel imports and accelerate the green transition. In October 2022, the EIB announced that it was substantially increasing its support to the goals of the REPowerEU plan by providing €30 billion in additional financing for clean energy over the next five years through a number of technical and other enabling measures.

In May 2023, the EIB Board approved the [mid-term review of the EIB Energy Lending Policy](#). This review confirms that the objectives of the policy remain valid in the context of the current energy crisis. As part of the review, the EIB revised the lending policy's technical Annex II to reflect the adoption of the Taxonomy Climate Delegated Act and to provide further clarification of the energy lending policy's lending criteria after two years of implementation.

In July 2023, the EIB increased the financing targets of the EIB Group's support to REPowerEU by 50% to €45 billion over the next five years. At the same time, in response to the European Commission's [Green Deal Industrial Plan](#), the EIB expanded its eligibilities to facilitate its financial support for manufacturing state-of-the-art strategic net zero technologies — such as solar photovoltaic and solar thermal technologies, onshore and offshore wind, battery and storage solutions, heat pumps and geothermal technologies, electrolyzers and fuel cells, sustainable biogas, carbon capture and storage, and grid technologies. In addition, investment in the extraction, processing and recycling of critical raw materials were made eligible for EIB financing. The additional financing from the EIB Group is expected to mobilise over €150 billion of investment in the sectors targeted.

Financial support to REPowerEU will also benefit from the EIB's advisory services, supporting (i) renewable energy investment via market studies, outreach initiatives and project preparation support for hydrogen; and (ii) energy efficiency investment, including support in developing financial instruments that combine grants and loans. REPowerEU objectives are, among other initiatives, also supported by the cooperation between the EIB and European Union in the framework of the Innovation Fund outlined in paragraph 3.10 below.

- 2.13 The EU legislative package designed to reach the new 2030 targets is the Fit for 55 package, which was adopted by the Commission in July 2021 and complemented by an additional set of legislative proposals in December 2021. Most elements of this package have subsequently been approved. Key elements include (i) increasing the ambition of the EU Emissions Trading Scheme, including changes to the Market Stability Reserve; (ii) a new trading scheme for emissions from heating and transport fuels with a Social Climate Fund to offset adverse distributional consequences; and (iii) tackling carbon leakage through a carbon border adjustment mechanism on imports of carbon-intensive goods. This package will drive the EU towards its net zero target and will also be central in driving investment decisions in the European Union and beyond over the next decade.
- 2.14 In May 2022 the [8th EU Environment Action Programme](#) came into force, providing a common agenda for environmental policy to 2030. Building on the European Green Deal, the programme aims to accelerate the transition to a climate-neutral, resource-efficient economy, recognising that human wellbeing and prosperity depend on healthy ecosystems. It also forms the basis for EU achievement of the United Nation's 2030 Agenda.
- 2.15 The European Green Deal is also an important source of economic growth and job creation, which is expected to affect more the structure than the size of the EU economy. According to [the impact assessment analysis of the European Commission](#), the European Green Deal is expected to impact EU GDP by an estimated -0.7% to +0.55% by 2030, compared to the baseline, while investment will rise and consumption will fall as a share of GDP. This is in line with the perceptions of European citizens, 56% of whom see climate policies as a source of economic growth, according to the [EIB climate survey](#). Inevitably, some sectors such as coal will decline while others such as renewables and construction will expand. This will be a painful process for some regions, underlining the need for support to ensure a just transition. Overall, the European Green Deal is expected to have a small net impact on jobs, ranging from -0.26% to +0.45% by 2030, depending on the scenario and use of carbon revenues, but the jobs and skills it creates will be future-proofed and will boost innovation and potentially lead to increased output in the long run.

EU Sustainable Finance — foundations in place and market progressively adopting

- 2.16 At the heart of the European Green Deal is a recognition of the importance of making EU capital markets more efficient in the assessment of sustainability to facilitate sustainable investment. The EU sustainable finance agenda has steadily developed in recent years¹⁰, centred on three pillars, namely: (i) the EU Sustainable Finance Taxonomy, in which detailed technical screening criteria in the [Climate Delegated Act](#) put the overall framework set out in the [EU Taxonomy Regulation](#) into practice for climate change objectives;¹¹ (ii) a series of disclosure frameworks for financial and non-financial undertakings;¹² and (iii) a set of investment tools to develop sustainable finance, including the EU Green Bond Standard.
- 2.17 **Encouraging signs of adoption, although usability concerns remain.** First indications of early corporate reporting from 2023 show encouraging signs that the EU Taxonomy is increasingly being used by undertakings subject to disclosure requirements to signal their sustainability performance and efforts.¹³ That said, the European Commission recognises that some undertakings are facing difficulties with demonstrating and reporting taxonomy alignment. This is mainly due to the lack of resources to integrate these new aspects into reporting systems, but there are also several usability issues linked to the criteria and test requirements. The Commission is committed to addressing these concerns,

¹⁰ See [Commission Staff Working Document: Enhancing the usability of the EU Taxonomy and the overall EU sustainable finance framework, COM\(2023\)317](#), for a summary of recent developments.

¹¹ In 2022, the Commission adopted a [Complementary Climate Delegated Act](#) covering natural gas and nuclear energy. Further, during the Roadmap's mid-term review process, the Commission proposed a further Delegated Act covering the four non-climate environmental objectives. Both these delegated acts are excluded from this review due to either ongoing legal challenge or co-decision scrutiny.

¹² This includes the publication in 2021 of a [Delegated Act supplementing Article 8](#) of the Taxonomy Regulation; the [EU Corporate Sustainability Reporting Directive](#) (CSRD) supported by European [Sustainability Reporting Standards](#) (ESRS), adopted in July 2023; and for large credit institutions, Commission [Implementing Regulation 2022/2453](#) amends reporting standards.

¹³ According to the Commission paper cited in footnote 10 above, as of mid-May 2023, 63% of the STOXX Europe 600 undertakings had disclosed their taxonomy eligibility and alignment. Among these undertakings, 30% reported non-zero values for CAPEX alignment.

including through the [Platform on Sustainable Finance](#). See Box 2 for the EIB approach to operationalisation of the EU Taxonomy in capital markets.

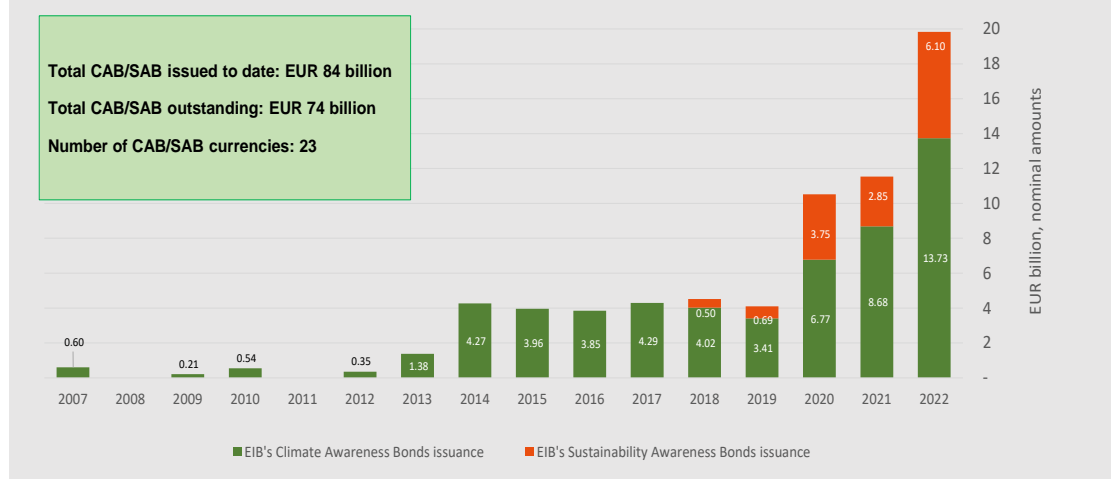
Box 2: EIB operationalising the EU Taxonomy in the capital markets

In 2007, the EIB issued its first Climate Awareness Bond, the world's first green bond, with a focus on allocations to renewable energy and energy efficiency projects. In 2018, Sustainability Awareness Bonds extended the use-of-proceeds approach to areas of green and social sustainability beyond climate change mitigation. This extension required an objective rather than sector-based approach to eligibilities for allocations. The new approach was modelled on the logic and structure of the Taxonomy Regulation proposed by the European Commission in 2018, directly linking climate and sustainability awareness bond issuance and allocation with evolving EU legislation on sustainable finance, notably implementation of the EU Taxonomy Regulation and its gradual application to the classification of EIB lending activities.

The CAB/SAB Frameworks describe the EIB's early and stepwise application of the evolving EU Taxonomy and the upcoming EU Green Bond Standard, permitting investors to follow the Bank's progress on the ground. These Frameworks are a rare example in the market of reports on gradual alignment of the bonds with the EU Taxonomy and the upcoming EU Green Bond Standard to be audited with Independent Reasonable Assurance as per the International Standard on Assurance Engagements 3000.

As shown in Figure 5, the issuance of Climate Awareness Bonds (CABs) and Sustainability Awareness Bonds (SABs) reached a record high in 2022 of nearly €20 billion, which accounted for an unprecedented 45% share of total annual funding. This primarily reflects the substantial increase in new eligible disbursements to which these bonds are allocated¹, notably those contributing substantially to climate change mitigation, which accounted for approximately 30% of total disbursements in 2022.

Figure 5: CAB/SAB issuance and share in EIB funding programme



Summary

- 2.18 This chapter first highlights the EIB Group's success to date in meeting the targets set out in its Climate Bank Roadmap. Second, it reviews key relevant scientific and policy developments since the Roadmap was approved. These include increasing recognition of the need for increased and accelerated green investment, particularly in emerging markets and developing countries, as well as progress in the development and implementation of the European Green Deal, in the context of two exogenous shocks.
- 2.19 Chapters 3-6 below provide a review of the EIB Group's progress in supporting the green transition and delivering on its 2019 ambition, working within the Roadmap's broad and comprehensive four workstream structure, while responding to ongoing external developments.

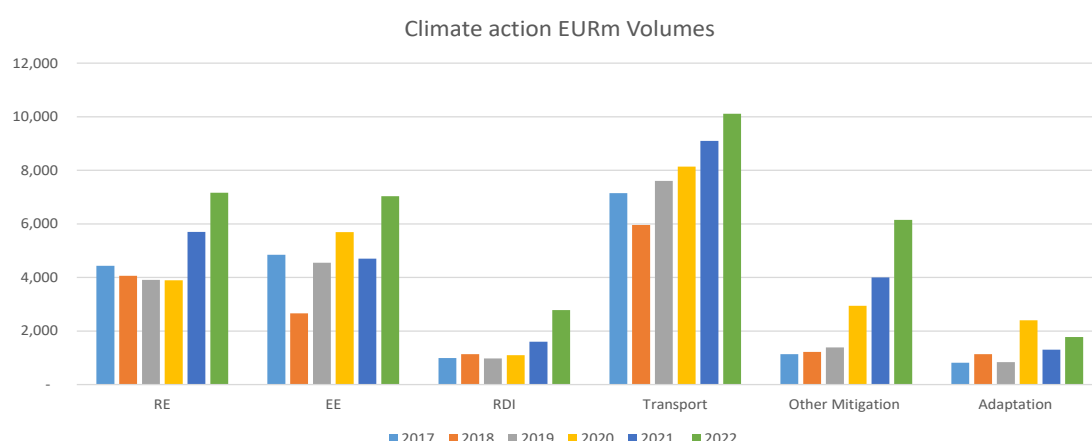
3 Accelerating the transition through green finance

- 3.1 Building on the high-level review in the preceding chapter, this chapter takes stock of the EIB Group's progress in delivering the Roadmap's first workstream, "Accelerating the transition through green finance", and draws conclusions on the implications for Roadmap implementation to end-2025.

Review of progress

- 3.2 This section provides additional information on the substantial progress made by the EIB Group entities to develop their lending, advisory and funding activities and deliver on their ambitious green targets across the priority sectors identified in the European Green Deal.
- 3.3 The Roadmap was developed in response to the European Green Deal. The focus areas of EIB Group support for green investment therefore reflect the themes of the European Green Deal.¹⁴ Since 2020, EIB financing has increased significantly in areas where it has a strong track record, such as in low-emission transport and decarbonisation of power generation, as illustrated in Figure 6 below.

Figure 6: Breakdown of EIB support for climate action



- 3.4 In subsectors long regarded as challenging to finance, such as energy efficiency in buildings, the EIB has also scaled up its support, more than doubling its financing over three years, from €2.6 billion in 2019 to €5.6 billion in 2022, with the rollout of new products such as green mortgages and operations for building rehabilitation targeting low-income households.
- 3.5 In its 2021 Climate Adaptation Plan, the EIB established a new ambition on climate adaptation, including a target to grow the share of its financing for climate adaptation to 15% of its overall climate financing by 2025. Climate adaptation investments remain challenging as they are often non-revenue generating and largely undertaken by the public sector. However, the EIB has worked to mainstream adaptation in its funding and advisory offer and, in 2022, its climate adaptation finance rose by over 40% in volume terms compared to 2021. This represented 5.4% of overall climate action finance. The EIB is strengthening its efforts on adaptation both inside and outside the European Union in line with its 2025 target.
- 3.6 EIB Group annual progress reports provide detailed updates on the Group's progress in support of all Roadmap sectoral focus areas. The EIB had been tracking its climate action financing for years and in

¹⁴ The core themes of the European Green Deal reflected in the Roadmap as focus areas for EIB Group support are: Building greater resilience to climate change; Making homes energy efficient; Promoting clean energy; Smarter, more sustainable transport; Striving for greener industry; Eliminating pollution; Protecting nature; Farm to fork; Greening the financial system; and Leading the green change globally.

2021 rolled out additional tracking systems to support its environmental sustainability objectives and for the EIF's contribution to green finance.

- 3.7 The Roadmap envisaged enhancement of the Group's financial product offering both to address specific investment gaps, such as green innovation and small and medium enterprises, and to enhance the impact of Group finance including for example, through blended financing structures that combine EIB financing with public grants and attract loans or equity from public and private sources.
- 3.8 Since the launch of the roadmap, frontline EIB Group teams have also implemented structured origination activity in order to build and execute a strong pipeline of green financing and advisory operations including, for example, through active engagement with stakeholders such as the European Commission, public authorities and existing and potential counterparts.
- 3.9 The EIB Group also supports climate action and environmental sustainability finance through its mandate activity, in partnership with, for example, the European Commission or EU Member States. Mandates enhance the Group's risk-taking capacity and ability to pilot innovative instruments. The main Commission-supported mandates supporting this workstream are the flagship risk-sharing mandate InvestEU and the CEF Transport Alternative Fuels Infrastructure Facility, which provides grant support alongside EIB loans. Member State-supported mandates under Cohesion Policy and the Recovery and Resilience Facility are also aligned with Roadmap objectives and increasingly target green investment.
- 3.10 Of particular importance to the commercial demonstration of innovative low-emission technologies is the European Union's [Innovation Fund](#) and the related Catalyst Partnership, as well as the wider Horizon Europe programme. The Innovation fund will provide €40 billion of support in the 2020-2030 period for the demonstration of technologies including in energy intensive industries, renewables, energy storage and carbon capture, use and storage. The EIB is providing support both in the monetisation of European Union Emissions Trading System allowances and in the provision of [Project Development Assistance](#), through which it offers targeted financial and technical support to increase the maturity of selected projects for subsequent Innovation Fund calls.
- 3.11 The Green Bond Purchasing Programme, under which the EIB purchases green use-of-proceeds bonds issued in EU capital markets, is an important new offer that can help crowd in additional private sector financing. Other examples of new products include the new EIB Green Loan product¹⁵ and the enhancement of the Group's intermediated lending and guarantee offer through the [Green Gateway](#) advisory portal and increased use of "green windows".
- 3.12 In 2022, the EIB Group established EIB Global as its new development finance arm. Increased focus on green lending outside the European Union during 2022 led to a substantial increase to €4.2 billion of green lending (49% of 2022 signatures). This compares to €2.8 billion of lending in 2021 (44% of signatures).
- 3.13 In 2021, in addition to the EIB's green finance target, the EIF set itself a series of targets to raise its share of green financing from 16% in 2022 to 22% in 2023 and 25% in 2024.
- 3.14 In 2022, the EIF launched new green-focused debt and equity products under InvestEU and increased its green commitments under securitisation products and risk capital resources, climate, infrastructure and regional mandates. This resulted in the volume of intermediated debt and equity transactions dedicated to climate action and environmental sustainability rising from €0.4bn in 2021 to nearly €2bn in 2022.
- 3.15 Advisory services often play a critical role in supporting project promoters in the still developing green finance environment. The EIB Group, through various advisory mandates from the European

¹⁵ Nineteen green loan operations were signed during 2022, the first year the product was offered, equivalent to just under €4 billion of loan finance. These loans support green investment by private and public sector borrowers operating across a range of sectors, including energy, water, industry and transport.

Commission, such as the InvestEU Advisory Hub, JASPERS, ELENA and fi-compass, supports promoters of green investment projects within the European Union.

- 3.16 Other climate finance-boosting advisory initiatives include support to financial intermediaries under the global Green Gateway programme, financial advisory to early stage and demonstration projects under the Innovation Fund Project Development Assistance and support to climate change adaptation project promoters under the new ADAPT platform.
- 3.17 Platforms specifically supporting EIB Global's green financing outside the European Union include the Africa Sustainable Cities Initiative, the City Climate Finance Gap Fund, the Green Hydrogen Fund, the FELICITY urban advisory facilities, the Clean Ocean Initiative, the European Guarantees for Renewable Energy platform and the Demand Side Management, Social Infrastructures and Renewable Energy Expansion programme.

Box 3: Strengthening EIB Global support in emerging markets and developing countries

As described in Chapter 2, since the Roadmap was developed, global consensus has grown that finance for climate investment in emerging markets and developing countries needs to increase rapidly if the temperature goals of the Paris Agreement are to be achieved. Further, multilateral development banks have been called on as part of the solution to a number of global challenges ranging from debt relief to climate finance and private sector mobilisation. In response, the EIB and in particular EIB Global are working on a range of initiatives.

For example, in the context of debt relief for countries suffering from climate-related disasters, EIB Global is working on a pilot to propose climate-resilient debt clauses that provide for the deferment of principal payments in the event of certain natural disasters linked to climate change. This is intended to help least developed countries and small island developing states better adapt and cope with the impact of increasingly frequent and severe climate shocks. In addition, EIB Global is offering longer tenor sovereign loans, where justified, to enable vulnerable countries to access the financing they need to address the consequences of current and future crises. EIB Global already offers least developed countries and small island developing states financing for a higher-than-typical share of project investment costs, as these countries often struggle to mobilise climate finance.

Further, in the context of innovative financing instruments, EIB Global is working closely with other multilateral development banks to develop new solutions building on countries' Resilience and Sustainability Facility arrangements with the International Monetary Fund (IMF). In Rwanda, for example, the EIB is part of a group of development financiers working with the government to facilitate public-private partnership, scale up climate finance and crowd in private climate investment that will mobilise an additional €300 million to build climate resilience. With the support of the European Union, EIB Global is expected to provide €100 million of finance to Development Bank of Rwanda to support the new green facility "Ireme Invest". Similarly, EIB Global is supporting an integrated package of innovative initiatives to accelerate Barbados' transition to net-zero and boost resilience while mobilising private sector investment and prudently managing public debt levels. More broadly, together with partner MDBs, the EIB is exploring potential means to support Article 6 mechanisms to attract additional sources of finance, including through high-quality carbon credits.

Building on its collaboration with the European Commission on support to the Just Energy Transition **Partnership (JETP)** initiative in South Africa and following the June 2023 Summit for a New Global Financing Pact in Paris, EIB Global is engaging in JETPs in Indonesia and Vietnam as well as the new JETP supporting Senegal's energy access and decarbonisation efforts, and will continue to support such initiatives in countries where the acceleration of decarbonisation efforts is of critical importance.

EIB Global is committed to intensifying such support and is exploring innovative mechanisms to accelerate the just transition globally, engaging its full range of lending, blending and advisory instruments in coordination with the European Commission, MDBs and public and private sector partners.

Related developments since 2020

- 3.18 Chapter 2, above, reviewed the key scientific and policy developments since approval of the Roadmap of relevance to accelerating the transition through green finance. These include the increasing international recognition of the need to accelerate green investment, particularly in emerging markets and developing countries, as well as progress in implementation of the European Green Deal, notably the development of the EU Fit for 55 package, in the context of the coronavirus pandemic and the war in Ukraine.

Outlook to 2025

- 3.19 At this mid-term point in implementation, the Roadmap's first workstream, "Accelerating the transition through green finance", remains highly relevant, both because it reflects the priority sectors of the European Green Deal and because it responds to international calls to scale up the provision of finance and advisory for the green transition, particularly from multilateral development banks.
- 3.20 The EIB Group maintains green finance ambition, as set out in the Climate Bank Roadmap.¹⁶ The Bank target of devoting at least 50% of total EIB annual financing volumes to green projects until 2025, and the Group target of supporting at least €1 trillion in green investment by 2030 will therefore be maintained. Moreover, the EIB Group's reinforced support for the REPowerEU package will help address the need to boost energy security by reducing demand and supporting low-emission power generation and heat sources, while supporting EIB Group financing for climate change mitigation.
- 3.21 The EIB Group will also focus on further developing its financial product and advisory offer to address investment gaps, support counterparts in accelerating green investment, and enhance the impact of its funding activity. In doing so, the Group will assess and refine its offer to respond to the constraints and needs both of direct public and private sector counterparties and to private equity providers and financial intermediaries on-lending to small and medium-sized enterprises.
- 3.22 For its part, EIB Global will continue to develop its support for green finance outside the European Union, recognising that the gaps between actual and required investment are particularly large in developing countries. Given its focus on additionality and impact, EIB Global will also explore opportunities to expand its financing modalities and develop sector-based and programmatic approaches. This may involve additional support for upstream activities and results-focused financing, building on international best practices and the capacities and development priorities of beneficiary countries.
- 3.23 Since its establishment in 2022, EIB Global has witnessed increasing demand from promoters outside the European Union for advisory support on climate change and green transition. In response, and considering the success of EU-focused advisory services summarised above, EIB Global is considering options to step up its advisory offer, including in support of Roadmap objectives, in the second half of its implementation period.
- 3.24 In relation to climate change adaptation, the EIB will increase its focus on delivering its Climate Adaptation Plan. The Plan identifies key areas for high-impact investments, including coastal management and flood defence, efficient water use, climate resilience in the urban context, the protection of food systems and critical infrastructure, and innovation for adaptation solutions.
- 3.25 The EIB will therefore strengthen its focus on high-impact investments supporting transformational action that can help countries address the underlying causes of climate vulnerability and enable people, business and ecosystems to adapt. This includes further development of the EIB's "just resilience" approaches, outlined in the following chapter. Building on this work and in order to facilitate adaptation projects in countries least able to attract and deploy investment to build climate resilience, the EIB has expanded the list of countries in which it will consider financing up to 100% of the investment cost for projects primarily supporting adaptation objectives. Therefore, in addition to small island developing states and low-income countries, countries classified as fragile by the [OECD States of Fragility](#) will also

¹⁶ See paragraph 1.1 of the Roadmap.

benefit from the increased EIB financing potential, for the remainder of the Roadmap's implementation period.¹⁷

- 3.26 At the same time, the EIB will continue to mainstream adaptation in its projects, building on established processes for project-level management of physical climate risks. Drawing on the positive impact of the ADAPT advisory platform for supporting project promoters in the European Union, the EIB will also work with partners and donors to increase its technical assistance offering, targeting climate adaptation outside the European Union.
- 3.27 In terms of environmental sustainability finance, the EIB Group will continue supporting the four non-climate environmental objectives of the EU Sustainable Finance Taxonomy, as further detailed in the new EIB [Environment Framework](#), which was developed in 2022 in response to the 8th EU Environment Action Programme and underlines the EIB's commitment to support investment in these fields.

Conclusions

- 3.28 The Roadmap's workstream on accelerating the transition through green finance remains a valid pillar for Roadmap implementation through 2025, as demonstrated by the increasing calls for green finance. The EIB is already meeting its 2025 target of devoting more than 50% of its annual financing to green finance and the Group is on track to achieve its goal of supporting €1 trillion of green investment by 2030. However, it must ensure that these levels of support can be delivered sustainably while continuing to build on past achievements, learning key lessons, and developing new approaches to deliver more climate mitigation and adaptation finance as well as advisory services both within the European Union and globally.
- 3.29 Recognising the need to maximise its additionality as the European Union's climate bank, the EIB Group will also continue to assess its contribution in terms of the scale, speed and nature of its financial and technical support. These questions and lessons learnt from the implementation process and from evolving market practice will be considered further in the development of the EIB Group's approach to green finance post-2025.

¹⁷ In practice, this addition currently relates to EIB countries of operation included in the following list: Cameroon, Congo, Côte d'Ivoire, DR Korea, Equatorial Guinea, Eswatini, Honduras, Iran, Iraq, Kenya, Libya, Nicaragua, Nigeria, Pakistan, Syrian Arab Rep, Tajikistan, Turkmenistan, Ukraine, Venezuela, West Bank and Gaza Strip, Zimbabwe. As the [2022 OECD list](#) captures data from 2021, prior to the war in Ukraine, Ukraine has been added to the list of fragile countries.

4 Ensuring a just transition for all

- 4.1 This chapter takes stock of the progress achieved in the Roadmap’s second workstream, “Ensuring a just transition for all.” It then considers external developments related to the workstream since the Roadmap was prepared in 2020 and presents an outlook for activities under this workstream over the remainder of the implementation period, which ends in 2025.

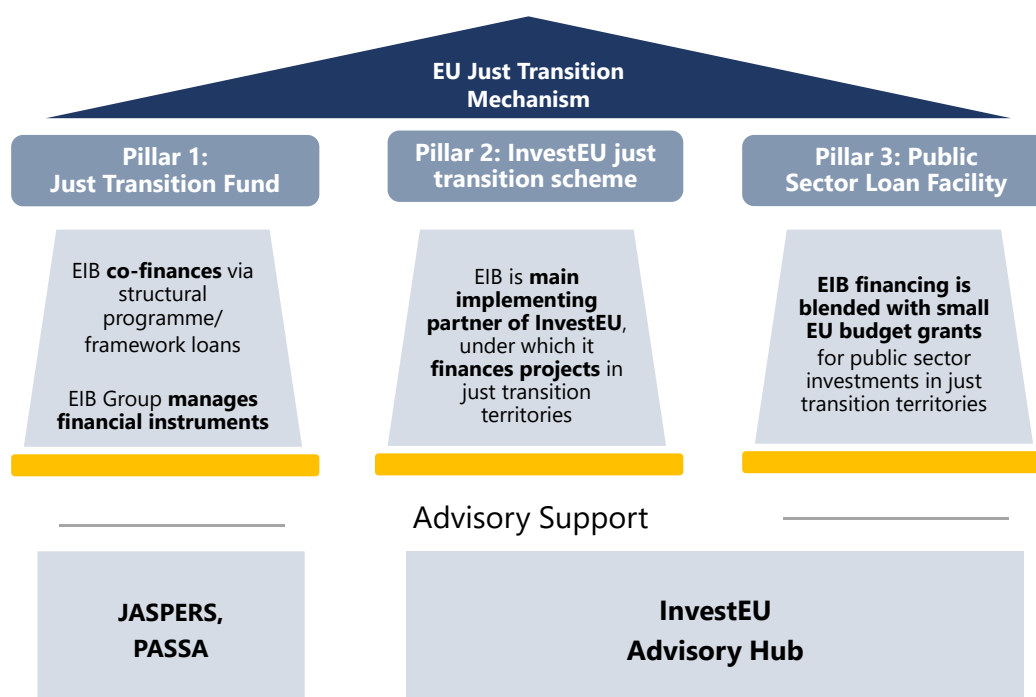
Review of progress

- 4.2 The EIB Group’s approach to ensuring a just transition established in the Roadmap aims to ensure that no people or places are left behind in the transition to low-emission and climate-resilient societies. Following the structure of the Roadmap, the workstream is divided into two sets of initiatives: supporting a just transition in the European Union, and social development and climate change across the globe.

Supporting a just transition in the European Union

- 4.3 In 2021, the EIB Group developed a [comprehensive proposal](#) to support the European Union’s [Just Transition Mechanism](#). The Just Transition Mechanism is a key element of the [Sustainable Europe Investment Plan](#). It was designed to alleviate the socioeconomic impact of the transition to climate-neutral development in most affected EU regions. This aim complements the Group’s longstanding commitment to economic and social cohesion and balanced territorial development, outlined in the [EIB Cohesion Orientation](#) for 2021-2027.
- 4.4 The comprehensive proposal supports all three pillars of the Just Transition Mechanism. During 2021 and 2022 the EIB engaged with the European Commission and finalised agreements governing its support to the mechanism and also provided advisory support to EU Member States and affected regions in their investment planning initiatives. A total of 36 such advisory assignments were initiated in 2021-2022 under the InvestEU Advisory Hub, JASPERS and Project Advisory Support Service Agreement mandates.

Figure 7: EIB Group support to the EU Just Transition Mechanism



- 4.5 By end-2022, the European Commission had approved 67 Territorial Just Transition Plans from 26 Member States, paving the way for the implementation of the Just Transition Mechanism. 2023 is therefore the first full year of EIB financial support to the mechanism. By the end of June 2023, under the Just Transition Fund (pillar 1) the EIB had provided nearly €80 million in finance to three Member States, while under the InvestEU Just Transition scheme (pillar 2), nearly €329 million had been provided under four operations supporting just transition. Under the Public Sector Loan Facility (pillar 3), three cut-off dates of the permanent call for project proposals elapsed between the July 2022 launch of the facility and end-June 2023. The European Commission has since analysed the grant applications received, while EIB appraisal of the same projects for potential co-finance following EIB policies, rules and procedures, has either been completed or remains under way.

Social development and climate change across the globe

- 4.6 Looking more widely and recognising the synergies between green interventions on the one hand and socioeconomic development and addressing climate change-linked inequalities on the other, the Roadmap also established that the EIB Group will seek to invest in projects that simultaneously support the transition and improve social development and gender equality.
- 4.7 At the 2021 COP26 meeting in Glasgow, the EIB and partners launched a toolkit to promote gender-climate smart investments under the 2X Global brand: [the Gender-Smart Climate Finance Guide](#). In 2022, 29 projects, or 8% of EIB projects supporting climate action and environmental sustainability, contributed significantly to advancing gender equality and women's economic empowerment. This is a substantial increase on the eight green projects (or 2% of EIB green finance projects) that were identified to simultaneously deliver on gender and climate in 2021, when such tracking was initiated. Given the important role women play in advancing climate action and gender-differentiated vulnerabilities to climate change, investments supporting climate and gender equality goals are expected to become a growth area for EIB support.
- 4.8 Recognising that climate-related disasters and environmental degradation contribute to social tension, forced displacement and migration, and that they can aggravate fragility and conflict, the EIB published a new [Strategic Approach to Fragility and Conflict in 2022](#). The approach outlines how climate security risks can be addressed through climate action investments in fragile and conflict-affected contexts. In 2021-2022, EIB Global supported a total of seven climate action projects in fragile contexts, for a total volume of €459 million in EIB green finance. The EIB also worked together with the Migration Policy Institute, publishing a report on [Financing Responses to Climate Migration: The Unique Role of Multilateral Development Banks in 2022](#).

Related developments since 2020

- 4.9 With rising temperatures and growing inequality, it is increasingly clear that climate, environmental and social crises are interconnected. There is also ample evidence that more diversity in leadership, workforces, supply chains and development projects generate better results, including climate and environment outcomes and that without a just transition there will be no transition.
- 4.10 It is also increasingly recognised that approaches to just transition must reflect local contexts in emerging and low-income economies where welfare support may be more limited, workers less formally organised and informal employment and economic activity more widespread. Inequality, poverty and fragility may also pose major challenges that need to be taken into account. At a global level, the scope of "just transition" has widened in recent years to include a broader range of actors and actions beyond workers affected by industrial and mining transitions. This is reflected in the joint [MDB Just Transition High-Level Principles](#) report, published in 2021.
- 4.11 Moreover, while the concept of just transition linked to the impacts of greenhouse gas emission reduction is well established, the related concept of "just resilience", referenced in the 2021 [EU Strategy](#)

[on Adaptation to Climate Change](#) and subsequent publications,¹⁸ is relatively new.¹⁹ The pursuit of a climate-resilient society while leaving no one behind is further developed in the contributions to the IPCC's sixth assessment report, referenced above, and recognised also in the loss and damage initiative developed in the framework of COP27 in 2022.²⁰ In response and building on its comprehensive proposal in support of the Just Transition Mechanism within the European Union, the EIB published [Exploring an EIB approach to just transition globally](#) at COP27 in 2022.

Outlook to 2025

Supporting a just transition in the European Union

- 4.12 Following the approval by the European Commission of Territorial Just Transition Plans from Member States in late 2022, the EIB Group will continue to support implementation of all three pillars of the Just Transition Mechanism. The Group has made a strong start to the provision of finance under pillars 1 and 2, with demand anticipated to grow from both Member States and regions.
- 4.13 While implementation of pillar 3 is still at an early stage and the project pipeline seems small for now, the first EIB loans that envisage grant support from the Public Sector Loan Facility have either been approved or are under appraisal, and there is hope that the first grant agreements to be signed might send positive signals to public sector promoters. Nonetheless, as EIB Group support is demand-driven, its uptake — particularly under the Public Sector Loan Facility — may be delayed through 2025 due to the additional funding available under the Next Generation EU Recovery and Resilience Facility, referenced in Chapter 2 above.
- 4.14 The EIB Group will also continue to offer dedicated advisory support to interested Member States and regions under all three pillars of the mechanism, using the InvestEU Advisory Hub, PASSA and JASPERS mandates, including support in the establishment and management of financial instruments to deploy their Just Transition Fund (pillar 1) resources.

Social development and climate change across the globe

- 4.15 During 2023, EIB Global continued to develop its approach to support just transition and just resilience outside the European Union. The approach aims to support public and private partners in identifying and addressing both opportunities and challenges related to a just transition and just resilience through a combination of financing and advisory services. It would also help advance more inclusive and diversified economies and create new jobs during the greenhouse gas emission reduction process and would support increased climate resilience and empower people unequally affected by climate change and related environmental degradation. The approach is thus comprehensive in addressing both just transition and just resilience challenges.
- 4.16 Further, support under this approach would be offered across a broad range of sectors, including investments in energy efficiency, renewables, environmental rehabilitation, digital and sustainable transport infrastructure, SME development, training, and switching to more climate-resilient and socially inclusive agricultural practices, efficient water provision to vulnerable populations and helping vulnerable countries and communities adapt to climate hazards.

¹⁸ See for example: [ETC CA Report 1/23 Just Resilience for Europe: Towards measuring justice in climate change adaptation](#).

¹⁹ The “just resilience” concept focuses on the need to ensure that climate adaptation policies and responses are just and do not have unintended consequences. In addition, it emphasises the need to support and empower regions and people bearing an unequal share of the negative impacts of climate change, while often having contributed least to its causes.

²⁰ See the contribution of Working Group II to the Sixth Assessment Report of the IPCC, 2022, at: [Poverty, Livelihoods and Sustainable Development. In: Climate Change 2022: Impacts, Adaptation and Vulnerability](#).

Conclusions

- 4.17 The Roadmap's second workstream, "Ensuring a just transition for all", continues to be a relevant pillar for continued EIB Group support through 2025 since the EIB began to support the European Union's Just Transition Mechanism in 2023 and given:
- (i) growing calls for MDBs to boost finance for the transition in developing countries and emerging economies and
 - (ii) the evolution of the concept of just resilience, the importance of diversity and gender equality to achieve climate outcomes and the need to tackle climate-linked fragility and forced displacement, the Roadmap's second workstream on ensuring a just transition for all continues to be a relevant pillar for continued EIB Group support to end-2025.
- 4.18 The Group plans both to further increase its support to the Just Transition Mechanism within the European Union and to move forward with its more comprehensive and inclusive approach to just transition and just resilience, particularly in low and middle-income countries globally.

5 Supporting Paris-aligned operations

- 5.1 This chapter takes stock of the considerable progress that has been made under the third workstream of the Roadmap, “Supporting Paris-aligned operations”. It then outlines relevant external developments affecting implementation and presents its Paris-alignment approach going forward.

Review of progress

- 5.2 The Roadmap set out the EIB Group’s approach to Paris alignment in order to deliver on the 2019 ambition to “ensure that all financing activities are aligned with the goals and principles of the Paris Agreement by the start of 2021.” The Roadmap’s Paris alignment framework thus became the first comprehensive application of the joint multilateral development bank [Paris alignment approach](#), adapted in consideration of the EU Taxonomy Regulation and the recommendations of the Technical Expert Group on Sustainable Finance (TEG) for climate objectives. As explained in the Roadmap, the Taxonomy’s criteria for ‘do no significant harm’ to climate change mitigation and adaptation objectives, in general, serve as a floor for the EIB Group’s Paris alignment framework.²¹
- 5.3 The 2021 and 2022 progress reports present several updates to the Roadmap’s low-carbon framework for projects, and progress in the development of the EIB’s climate risk assessment system, which is the cornerstone of the EIB’s climate adaptation alignment framework for direct operations.²² These include the refinement of the EIB Group Paris alignment framework, as appropriate, in light of the criteria for ‘do no significant harm’ to climate change mitigation and adaptation, as published in the Climate Delegated Act of the EU Taxonomy that came into force in December 2021.
- 5.4 The progress reports also present the development and application of the EIB Group’s [Paris Alignment of Counterparties \(PATH\) framework](#), which sets out the approach to addressing the Paris alignment of the wider operations of EIB Group counterparties beyond the projects financed by the EIB Group. The Group also developed a methodology adapted to financial markets for its funding activities under the principles of the PATH framework. This methodology has been applied to all treasury investments since January 2022 and involves the monthly screening of treasury portfolios, including over 500 counterparties.
- 5.5 Under the Roadmap, the EIB adopted a new set of values for the shadow cost of carbon. This is used in the economic assessment of projects, and is thus an important dimension to ensure the alignment of new investment loans. The 2021 and 2022 progress reports also provide updates on the emerging evidence around the shadow cost of carbon. In particular, the 2022 report notes the need to conduct further analysis around the results published in the IPCC Sixth Assessment Report. The results of this analysis will be reported in due course through the annual Climate Bank Roadmap progress report.
- 5.6 The progress reports and the EIB Group Taskforce on Climate-related Financial Disclosures reports also present the development of the Group’s climate risk screening tool, designed to assess the exposure of its counterparties to physical and transition risk, as well as portfolio climate risk management approaches. These include a new climate risk reporting framework, a sensitivity analysis to assess the resilience of the Group’s balance sheet and climate-related Risk Appetite Framework indicators to monitor climate-related credit and reputational risk.

²¹ Paragraph 4.15 of the Roadmap. As the Roadmap predates the Climate Delegated Act, reference was made to the criteria for DNSH to climate objectives recommended by the TEG.

²² The EIB climate risk assessment system is the EIB’s approach to ensuring DNSH to climate change adaptation for direct operations. In the case of intermediated operations, under the PATH framework, EIB Group requires disclosure of capacity to manage physical climate risk, in line with TCFD for intermediaries in scope.

Related developments since 2020²³

- 5.7 Of particular relevance for the EIB Group Paris alignment framework for operations among the key policy developments outlined in Chapter 2 above was the adoption in 2021 of the first Climate Delegated Act under the EU Taxonomy, as discussed in the following section.
- 5.8 Developments in EU regulation of sustainability-related disclosures by corporates and financial undertakings are relevant to the EIB Group's Paris Alignment of Counterparties (PATH) framework. In January 2023 the EU [Corporate Sustainability Reporting Directive](#) (CSRD) entered into force, requiring entities within its scope to disclose a number of elements according to the European Sustainability Reporting Standards, which were adopted by the European Commission in June 2023.
- 5.9 In addition to requirements under CSRD and of relevance for both the EIB Group's PATH framework and portfolio-level climate risk management, large credit institutions²⁴ subject to the Capital Requirements Regulation (CRR) are required to disclose information on ESG risks according to Commission Implementing Regulation 2022/2453 (CIR) on Pillar 3 ESG risk disclosures. This Regulation, adopted in 2022, provides disclosure templates, which cover a similar scope as the requirements of the Taskforce on Climate-related Financial Disclosures.

Outlook to 2025

Project level (Low-carbon framework)

- 5.10 Annex 2 to the Roadmap sets out in tabular form the Group's Low-Carbon Framework (LCF), namely the interpretation of alignment to the mitigation goals of the Paris Agreement that is appropriate for the EIB Group. Part I of this Annex is structured by sector. Each sector table summarises activities that the EIB may support and activities that it will not support. Part II is structured by EIB Group products.
- 5.11 This mid-term review maintains the LCF approach set out in Annex 2 to the Roadmap. In broad terms, the activities supported and not supported remain appropriate, also considering the wider scientific and regulatory developments summarised in Chapter 2, above. This mid-term review nevertheless updates the LCF tables with a number of adjustments reported in Roadmap progress reports to date, together with limited adjustments and clarifications based on experience to date.
- 5.12 Firstly, the tables are adjusted to reflect decisions taken by the EIB Board in the intervening period. In October 2021, the EIB Board adjusted the alignment approach for infrastructure funds operating outside the European Union and in May 2023 it updated the [technical annexes to its Energy Lending Policy](#).
- 5.13 Secondly, as provided for in the Roadmap and reported in its 2021 progress report, Annex 2 has been revised to integrate, where appropriate, the technical screening criteria for 'do no significant harm' to climate change mitigation in the Climate Delegated Act. This applies across all sectors in Annex 2, Part I, with one modification in the context of transport infrastructure, as discussed below. Annex 2, Part II remains valid in determining how the sector approach (including 'do no significant harm' to climate change mitigation) relates to EIB Group products.
- 5.14 The following adjustments are highlighted in relation to the [revised low-carbon framework \(version 1.1\)](#).
- 5.15 **Proportionate approach targeting micro-enterprises.** Experience gained during the initial implementation of the low-carbon framework indicates that a more proportionate approach can be taken in intermediated financing of small operations. The calibrated approach will reduce restrictions in certain sectors where this poses a low risk of high emissions. Key EIB Energy Lending Policy restrictions will therefore be retained under this approach.

²³ In relation to the applicability of the frameworks mentioned in this section to the EIB, please see paragraph 6.10, below.

²⁴ This refers to institutions that have issued securities that are admitted to trading on a regulated market of any member state.

- 5.16 **No change with respect to transport infrastructure.** For transport infrastructure, the low-carbon framework will not be changed at this stage. For the road sector, for example, the Adapted Economic Test, as set out in the Roadmap, is the principal means to ensure Paris alignment. Under the test, the economic viability of a road infrastructure project leading to additional emissions is heavily penalised through application of the EIB shadow cost of carbon, in line with the logic of the 'do no significant harm' technical screening criteria for transport infrastructure in the first Climate Delegated Act. A similar approach is used in the appraisal of all other types of transport infrastructure investments. The EIB Board will continue to be informed of the relative emissions calculations of transport infrastructure projects, where indicated by the [EIB's Carbon Footprint Methodologies](#), when taking its financing decisions.
- 5.17 **Buses, trains and ships.** The low-carbon framework reflects the general principle of focusing EIB support on the greening of fleets, including buses and trains. Developed before agreement on the first Climate Delegated Act, the framework tables included emission values recommended by the Technical Expert Group at the time (for example 50gCO₂ per passenger kilometre for buses and passenger trains). As provided for in the Roadmap, these will now be replaced by the Climate Delegated Act criteria (for example, zero direct emissions for urban public transport and zero direct emission for bi-mode trains). The low-carbon framework tables have been revised to reflect these new values inside the European Union, but also maintaining the 50gCO₂ per passenger kilometre threshold for outside the European Union to allow greater flexibility in countries and regions where electrification of transport is less feasible. For direct operations outside the European Union, however, the more flexible criteria of the Technical Expert Group will only be admissible where justified by a clear technical and economic assessment giving consideration to lower carbon alternatives. The framework's table has also been updated following the inclusion of sea and coastal vessels in the Climate Delegated Act, integrating substantial contribution criteria as for other mobile assets for transport services. The specific reference to support for LNG ships is therefore removed, while retaining the principle that vessels using only conventional fuels are not supported.
- 5.18 Several additional clarifications are made as a result of experience gained in implementation. For bioeconomy projects, a limited amount of additional flexibility compared to the current Roadmap text is permitted in the use of feedstocks that can serve as food, whereby the EIB Group may support (i) the use of limited amounts of such feedstocks in product input mix, such as starch use for paper production, or (ii) the transitory use of relevant feedstocks for the purpose of innovative industrial process demonstration, if a strategy and technology readiness towards avoiding the use of feedstocks that can serve as food or compromise food security are anticipated for the current demonstration or any follow-up plant based on similar technology. Additionally for bioeconomy, a clarification is made in respect of projects resulting in land use change, since newly approved EU legislation (Deforestation-Free Value Chains Regulation (2021/0366)) covers a greater scope than the previous reference to the Renewable Energy Directive (2018/2001). In the waste sector, the low-carbon framework has been revised to unbundle criteria for waste recovery in mechanical and biological treatment plants, from downstream use of outputs.
- 5.19 In relation to Annex 2, Part II, the framework has been updated to reflect the Board decision on funds outside of the European Union, as presented in the Roadmap's 2022 progress report. As the Board decision relating to such funds was only taken in October 2022, this mid-term review comes at a relatively early stage in implementation. It will therefore remain in place until end-2025 when its continuation will be further determined. Finally, a section on the alignment of advisory services is included in Annex 2, Part II on Product Alignment. It clarifies that the Group, unless acting under mandate, does not engage in advisory assignments on activities that are not supported by the low-carbon framework.

Counterparty level (PATH framework)

- 5.20 As part of this review, four adjustments are made to the EIB Group Paris Alignment of Counterparties (PATH) framework, as a result of lessons learnt and client responses during the implementation of the framework and in response to the evolution of non-financial disclosure regulation since the framework was developed in 2021, as outlined above.

- 5.21 **Reporting period.** The framework provided for a 12-month period for counterparties to meet their decarbonisation/resilience reporting commitments. It has proven challenging for EIB Group counterparts, particularly for large companies, to develop and publish decarbonisation and/or resilience plans. It has proved similarly challenging for financial intermediaries to start disclosing in accordance with the recommendations of the task force on climate-related financial disclosures, within 12 months. The 12-month deadline to meet PATH reporting requirements will be maintained where realistic for all counterparties, whether inside or outside the European Union. The deadline may, however, be extended up to 24 months, if the requirements for more time is well justified.
- 5.22 **Requiring only relevant corporate counterparties not to engage in incompatible activities.** Implementation experience has shown that it is unnecessary to require corporate borrowers, active in sectors unrelated to the incompatible activities defined by the framework, to undertake not to engage in such activities, for example to require a dedicated car producer to undertake not to engage in increasing oil production. This has proven particularly challenging for borrowers that need to agree undertakings with parent companies. Going forward, the EIB Group will therefore not apply this requirement to a screened-in corporate counterparty when deemed unnecessary given the counterparty's historic non-involvement in incompatible activities.
- 5.23 **Extending the REPowerEU exemption to projects outside the European Union.** As presented in the Roadmap's 2022 progress report, the framework was amended in 2022 to support implementation of the [REPowerEU package](#). As volatile energy and food markets since the Russian invasion have affected both EU and non-EU regions alike, the REPowerEU exception is therefore extended to include operations outside the European Union that support the objectives of the REPowerEU package, namely reducing dependency on Russian fossil fuels and diversifying energy sources.
- 5.24 **Considering financial institutions to meet requirements, if in scope and reporting under Commission Implementing Regulation (CIR) 2022/2453.** EIB Group financial intermediary counterparties screened-in under the PATH framework and disclosing in line with CIR 2022/2453 will be considered to meet the PATH requirements, as the reporting requirements under CIR 2022/2453 are comparable in scope to the recommendations of the task force on climate-related financial disclosures. This will also reduce unnecessary duplication of disclosures by counterparties.
- 5.25 These adjustments are reflected in [PATH version 1.2](#), which also updates the framework following developments in the EU regulatory environment described above, including, with respect to the incompatible activities, alignment with the new Deforestation-Free Value Chains Regulation (2021/0366) mentioned in regard to the bioeconomy LCF framework above.
- 5.26 At this mid-term point, the EIB Group will not adjust the PATH approach to counterparty engagement and will continue to require contractual undertakings in finance agreements to ensure that clients adhere to their commitments under the framework. Further refinement of the approach, drawing on EIB Group experience as well as that of Group partners and taking into account the Paris alignment frameworks of multilateral development banks will be considered for the post-2025 period.

Portfolio level (climate risk management)

- 5.27 Overall, the approach to climate risk management outlined in the Roadmap and further developed since 2020 remains valid. The EIB Group will continue to monitor regulatory expectations in climate and environmental (particularly biodiversity) risk management and enhance its methodologies and frameworks accordingly.

Conclusions

- 5.28 In conclusion, in implementing the Roadmap's third workstream, "Supporting Paris-aligned operations", the EIB Group met its commitment to align all new operations with the principles and goals of the Paris Agreement by the start of 2021, becoming one of the first international financial institutions to do so.

- 5.29 The EIB Group has also continued to develop its approach to Paris alignment for operations, counterparties and portfolio-level climate risk management in response to ongoing regulatory and market developments in this sphere. The Group will continue to monitor developments and consider further refinements through the remaining implementation period of the Roadmap and beyond.

6 Building strategic coherence and accountability

- 6.1 This chapter first takes stock of the progress made under the Roadmap's fourth workstream, "Building strategic coherence and accountability". It then reviews the main developments affecting implementation since 2020 and presents adjustments for the remaining implementation period of the Roadmap (until end-2025).

Review of progress

- 6.2 The Roadmap recognised the need for a coherent EIB Group approach to deliver on its first three workstreams and to allow for learning and improving. This approach was based on: (i) consistency of the EIB Group approach with the wider field of sustainable finance policy; (ii) transparency, accountability and quality assurance; and (iii) institutional support, including Paris alignment of internal operations and knowledge sharing, communication and human resource management.

Consistency with sustainable finance policy

- 6.3 At the time of drafting the Roadmap, the [EU Taxonomy Regulation](#) had just been adopted. To be considered Taxonomy-aligned, an economic activity must comply with (i) technical screening criteria for 'substantial contribution' to one environmental objective, (ii) technical screening criteria for 'do no significant harm' to the five other environmental objectives and (iii) meeting minimum social safeguards. The Roadmap stated the EIB Group's ambition to gradually *"align its own tracking methodology for support to climate action and environmental sustainability with the framework defined by the EU Taxonomy Regulation as it develops over time"*.
- 6.4 The [Roadmap's 2021 progress report](#) provided an update on the EIB Group's position with respect to the integration of the Climate Delegated Act, in particular noting that the [EIB climate action and environmental sustainability list of eligible sectors and eligibility criteria](#) and the [Guidelines on the EIF criteria for climate action and environmental sustainability](#) had been updated to incorporate as appropriate the criteria for 'substantial contribution' to climate objectives from the Climate Delegated Act. This does not impact activities which currently fall outside the scope of the EU Taxonomy, where joint MDB methodologies or the EIB Group's own definitions are still applied.
- 6.5 The EIB Group has also integrated the criteria for 'do no significant harm' to climate change mitigation and adaptation from the Climate Delegated Act into its Paris alignment framework, where appropriate, as discussed in the preceding chapter. In 2022, the EIB also revised its [Environmental and Social Standards](#), which are now more consistent with the principles of do no significant harm (across all six environmental objectives) and minimum social safeguards, as defined in the EU Taxonomy Regulation.
- 6.6 In relation to EIB Climate Awareness Bonds (CABs), since 2020 the EIB has revised its CAB eligibility criteria in a timely and stepwise fashion to align CAB allocations with the technical screening criteria for substantial contribution to climate change mitigation of the Climate Delegated Act. For all Taxonomy-eligible activities, this objective is deemed to have been achieved already in the course of 2022 and is expected to be confirmed with Reasonable Assurance (ISAE 3000) in the 2022 CAB Framework.
- 6.7 The 2021 CAB Framework addressed the do no significant harm principle and minimum social safeguards by proxy via a timely comparison of the EIB's relevant Environmental and Social Policy and Standards with the provisions of Articles 17 (on do no significant harm) and 18 (on minimum social safeguards) of the EU Taxonomy Regulation, thereby providing transparent information about the state of alignment of CAB allocations with the logic of the EU Taxonomy (Article 3 of the EU Taxonomy Regulation) also in these fields.

Transparency, accountability and quality assurance

- 6.8 As specified in the Roadmap, the EIB Group developed a results framework during 2021 to assess, manage and monitor progress in Roadmap implementation. The framework was published as part of the Roadmap's 2021 progress report and updated in its 2022 progress report.
- 6.9 In addition to Roadmap-specific monitoring and assessment, the EIB Group has developed its standard disclosure of environmental and climate-related information in response to new developments, publishing its first Taskforce on Climate-related Financial Disclosures report for 2021 and annually thereafter. This supplements ongoing annual reporting through the EIB Group Sustainability Report and Sustainability Disclosures (in accordance with GRI standards and the SASB (Sustainability Accounting Standards Board) framework), the Multilateral Development Banks' Report on Climate Finance, the EIB Global Report, the EIB Group Carbon Footprint Report and specific allocation and impact reports on climate and sustainability awareness bond allocations, reasonably assured in the context of the CAB/SAB frameworks.
- 6.10 In relation to disclosures and in the context of best banking practice,²⁵ the EIB is in the process of assessing the regulatory requirements on non-financial disclosures related to sustainability and their applicability in light of the Best Banking Guiding Principles of the EIB.

Institutional support

- 6.11 The Roadmap also set reduction targets for greenhouse gas emissions to align the EIB Group's internal operations with a 1.5°C temperature goal.²⁶ A target was set of -12.4% in Group greenhouse gas emissions by 2025, compared to a 2018 baseline. This includes activities defined in the Carbon Footprint Report 2018, covering scope 1 and 2 and, partially, scope 3 emissions.²⁷ Taking assumed growth of the EIB Group into account, the absolute target equates to a relative target of approximately -30% by 2025.
- 6.12 A four-year programme comprising 115 initiatives for the period 2021-2024 was developed to support delivery of these targets, progressing from awareness raising and incentives to motivate behavioural change and technological innovations to mandatory policy changes. The coronavirus pandemic, of course, had a major impact on Group operations and therefore greenhouse gas emissions. Working from home and restrictions on travel acted to reduce the Group carbon footprint, which fell nearly 80% in 2021 compared to 2018.²⁸
- 6.13 Despite the significant changes in the way we work resulting from the pandemic, awareness raising and technical improvements supporting reduction of the Group's internal greenhouse gas emissions continued. By the end of 2022, 40% of the technical improvements, efficiency measures and awareness initiatives had been delivered. This programme thus helped offset the rebound in Group greenhouse gas emissions from internal activities in 2022, which while well above 2021 levels were still down 32% relative to the 2018 baseline (or 29% including homeworking emissions, which were added to the scope of the Carbon Footprint Report in 2020).
- 6.14 The Roadmap also recognised that its successful implementation depends on the capability of EIB Group leaders and staff to deliver on the wide range of activities it outlined and that skills and knowledge would need to be developed to further support the green transition.
- 6.15 Since the development of the Roadmap, approximately 50 relevant learning programmes have been identified, targeting a variety of staff groups. Such programmes have been provided to EIB Group staff

²⁵ The Bank is committed through Article 12 of its Statute to conform to best banking practice, in line with the Best Banking Guiding Principles of the EIB and as determined by the competent EIB governing bodies.

²⁶ In addition to the focus on greenhouse gas emission reduction and resilience, the framework and measures included in the Roadmap take into consideration related environmental sustainability and circularity principles.

²⁷ As defined in the Greenhouse Gas Protocol, scope 1 and 2 relate to direct and indirect emissions arising from the generation and consumption of energy. Scope 3 emissions subject to the EIB Group target comprise business travel, rental cars, commuting, courier, mail, data centres, water, waste and paper consumption.

²⁸ Working from home emissions are not included in the scope of emissions reported.

to increase environment, climate and social awareness, inspire behavioural change and support them in Roadmap implementation. They are designed to reflect the fast-moving regulatory and technological landscape, while providing content that can be consumed ‘anywhere, anytime’.

Related developments since 2020

- 6.16 As outlined above, there have been a number of significant developments in the EU Taxonomy since the Roadmap was approved in late 2020. In particular, the [Climate Delegated Act](#) entered into force in December 2021 covering a large range of activities relevant to climate change. This Act defines technical screening criteria for economic activities to make a ‘substantial contribution’ to either climate change mitigation or adaptation objectives and to ‘do no significant harm’ to the remaining five environmental objectives. Due to usability challenges linked to some of the criteria, the European Commission has also subsequently provided additional [guidance](#).
- 6.17 Further, in early 2022, the Commission adopted a [Complementary Climate Delegated Act](#) to cover natural gas and nuclear energy activities, which has been the object of legal challenges. Finally, at the time of writing, the Commission adopted a further Delegated Act covering the other four non-climate environmental objectives, together with proposals to update the existing Taxonomy Delegated Acts.
- 6.18 At COP26 in 2021, the EIB signed the [Joint MDB Statement on Nature, People and Planet](#), which commits the MDBs (i) to leadership and supporting clients in implementing CBD COP15 and COP26 outcomes; (ii) to tackling the drivers of nature loss; (iii) to making nature positive investments; (iv) to valuing nature in order to guide decision making; (iv) to reporting, monitoring and evaluation. This joint MDB Nature Statement also complemented the [Leader’s Pledge for Nature supported by the different countries](#) and the [Finance for Biodiversity Pledge](#) of private-sector financial institutions.

Outlook to 2025

- 6.19 These developments require limited adjustment to the Roadmap’s Paris alignment framework, as outlined in Chapter 5, and of more general statements on the use of the EU Taxonomy in the Roadmap, as presented below.

Consistency with sustainable finance policy

- 6.20 The EIB Group remains committed to the EU Taxonomy’s objective of redirecting more capital flows towards sustainable activities by stimulating transparency and comparability on activities and investments defined as environmentally sustainable under the EU Taxonomy Regulation. The EIB Group also intends to continue its gradual integration of the Taxonomy into its climate action and environmental sustainability tracking methodology, in light of ongoing Taxonomy developments and wider progress on market adoption.
- 6.21 Stakeholders have nevertheless reported challenges in applying certain elements of the EU Taxonomy – and especially the do no significant harm criteria to environmental objectives and minimum safeguards – linked to the availability of data, the interpretation of the evidence requirements for compliance with certain technical screening criteria ex-ante or ex-post or in a non-EU context, and the capacity of companies (especially SMEs) to collect and report such data.
- 6.22 To overcome these usability challenges, the European Commission is taking several actions, including updating the [EU Taxonomy Compass](#), reviewing the Delegated Act that specifies disclosure obligations, and setting up a dedicated workstream on data and usability in the context of the Sustainable Finance Platform to address these challenges. Nevertheless, data collection and reporting challenges are likely to persist over the short to medium term.
- 6.23 The EIB will therefore continue to engage with project promoters, other international financial institutions, business sector experts and, in particular, with clients in direct lending operations in the European Union, on a voluntary basis to better understand and overcome the challenges faced in

applying Taxonomy requirements. This broad understanding of the interpretation of certain technical criteria will be shared with other market actors and the European Commission through its Platform on Sustainable Finance.

- 6.24 The EIB Group has made considerable progress to integrate key elements of the Taxonomy²⁹ into its [climate action and environmental sustainability](#) criteria³⁰ and tracking system in a pragmatic and progressive way, in line with the market's evolving readiness. The EIB Group will therefore continue to use its current system to track progress towards its climate action and environmental sustainability targets, which are not limited to Taxonomy-aligned finance. The system is expected to be further refined, as the result of its engagement with clients and regulatory developments, with a view to enabling the EIB Group to report a portion of its climate action and environmental sustainability business as Taxonomy-aligned. It is expected that the Group will increase this portion over time, reflecting wider progress on market adoption of the EU Taxonomy.
- 6.25 Existing EIB Group policies and standards, notably the revised environmental and social sustainability framework and the low-carbon framework, continue to apply to climate action and environmental sustainability finance and other EIB Group investments as safeguards against causing environmental or social harm.
- 6.26 The EIB Group will monitor taxonomy-related developments including: the Environmental Delegated Act, updates to the Climate Delegated Act or Disclosure Delegated Act, as well as the outcome of ongoing legal challenges associated with the Complementary Delegated Act, also taking account of any further guidance published by the European Commission.
- 6.27 The EIB Group will also continue to report transparently both on its climate action and environmental sustainability finance and on EU Taxonomy-related developments in its annual Roadmap progress reports.
- 6.28 The update provided in this mid-term review supersedes any statements made in the Roadmap or subsequent publications concerning alignment with the EU Taxonomy framework over time, notably those contained in Roadmap Table 5.3.

Institutional support

- 6.29 As stated above, the EIB Group is in line with its corporate greenhouse gas emissions reduction pathway for the period 2018-2025, due in part to changes in the way we work resulting from the lessons learnt during pandemic and in part to the impact of its technical measures, awareness raising and incentives programme. The Group will continue the programme through 2025, in pursuit of the Roadmap's 12.4% emissions reduction target. The Group will further consider the recommendations of the IPCC's Sixth Assessment Report, the science-based target initiative and related market and research developments to inform a revised approach and targets for the post-2025 period.
- 6.30 The EIB Group will also continue to develop and deliver relevant learning programmes for its staff and leaders, drawing on the latest scientific knowledge and best market practices, in order to maintain EIB Group leadership in the fast-moving regulatory and technological landscape of climate action and environmental sustainability finance.

²⁹ For the record, these relevant elements are: the 'substantial contribution' technical screening criteria for the Bank's climate action and environmental sustainability definitions as outlined in paragraph 6.4, above; and the criteria for 'do no significant harm' to the climate objectives for the Bank's Low-Carbon Framework as referenced in paragraphs 5.2-5.3, above.

³⁰ The EIB criteria can be found here: [European Investment Bank Climate Action and Environmental Sustainability — List of eligible sectors and eligibility criteria \(eib.org\)](#). The EIF criteria can be found here: [Guideline on EIF's criteria for Climate Action and Environmental Sustainability \(eif.org\)](#).

Conclusions

- 6.31 The Roadmap's fourth workstream, "Building strategic coherence and accountability", remains a relevant and important pillar for Roadmap implementation through 2025 as it facilitates consistency with the wider field of sustainable finance policy, requires transparency and accountability, and encourages the sharing of relevant knowledge.
- 6.32 The progress made under this workstream is a result of close collaboration among EIB Group services and between the Group and key partners at the European Commission and across the public and private sectors. This interaction has informed EIB Group delivery of the wide-ranging policy, transparency and institutional components of the Roadmap.
- 6.33 The external scientific, regulatory and market environment relating to climate and environmental finance nevertheless continues to evolve at pace. Continued, concerted action will be needed to drive implementation of the Roadmap as well as the continued refinement of the Roadmap approaches and skills it requires.

7 Outlook

- 7.1 Half way through the journey laid out in its Climate Bank Roadmap, Roadmap the EIB Group continues its transformation into the EU climate bank. Drawing on the review presented in chapters three to six above, this chapter summarises a number of key EIB Group activities by workstream during the second half of the Roadmap's implementation period.
- 7.2 Under the first workstream, "Accelerating the transition through green finance", the EIB Group will focus on product and business development in support of green investment across its client base and the focus areas of the European Green Deal, with an emphasis on climate adaptation, environmental sustainability, advisory services and support to the delivery of REPowerEU.
- 7.3 As nature becomes increasingly central to the development agenda, the EIB will continue to work on the enabling activities necessary to promote its "nature positive" approach.³¹ The approach does this through (i) understanding and measuring the value of nature as well as investing in data and analytics; (ii) working with partners to explore how to mobilise additional funds with greater impact and at scale and speed for biodiversity and ecosystems; and (iii) moving beyond conservation alone by using the other three environmental sustainability objectives, as well as climate action and development as entry points for supporting co-benefits for biodiversity and ecosystems.
- 7.4 For its part, EIB Global will continue to develop its support to green finance outside the European Union. This effort will include a possible stepping up of its advisory offer, as well as expansion and refinement of the financing modalities and approaches it takes to address the urgent needs of vulnerable and developing countries and regions.
- 7.5 Under the second workstream, "Ensuring a just transition for all", the EIB will continue to support delivery of the Just Transition Mechanism and focus on identifying both lending and advisory opportunities to support and foster just transition and just resilience efforts globally. Particularly in its activities outside the European Union, the EIB will also focus on applying its new approaches to fragility and conflict, while mainstreaming gender equality and women's economic empowerment considerations in its green financing activities globally.
- 7.6 Under the third workstream, "Supporting Paris-aligned operations", going forward the EIB Group will implement its low-carbon framework for operations and its PATH framework for counterparties, presented in Chapter 5, above. The EIB Group will also continue to assess its approach to implementing the alignment of its operations with the Paris Agreement in the light of ongoing regulatory and market developments and the EU and global level, as well as emerging best practices. It will also continue to develop its climate risk management framework, expanding its tools to incorporate wider environmental risks.
- 7.7 Under the fourth workstream, "Building strategic coherence and accountability", the EIB Group will continue to apply its tracking system for climate action and environmental sustainability finance, as well as its existing policies and standards, while engaging with stakeholders, clients and the Platform on Sustainable Finance to better understand challenges about alignment with the European Union's evolving sustainable finance framework.

³¹ Enabling activities include enhancement of the EIB's environmental and risk management; impact measurement and valuation for biodiversity; and exploring the EIB's financial instrument toolbox to deliver on greater impact.

Mid-term review of the EIB Group Climate Bank Roadmap



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