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Covid recovery and green transition are no zero-sum game

Economic recovery from the COVID-19 slump should not be seen as a zero-sum game. The urgent need to bring life back to our economies should not come at the expense of our climate and environmental ambitions – those two objectives should reinforce each other.

After all, climate investment always carries with it additional benefits. Automated, electric cars, for example, cut greenhouse gas emissions, but they also reduce accidents from driver error, decrease noise pollution and improve air quality. We should direct our massive stimulus packages towards investments that reorient our economies toward climate and environmental action, at the same time as they boost jobs and growth.

We must ensure that stimulus packages keep the world on track to meet the Paris Agreement targets. We must protect the environment, help the most vulnerable countries around the world and ensure that business has a sustainable future everywhere. Failure to do so will have severe long-term consequences for our societies.

The European Investment Bank Group's role as the EU climate bank is to stimulate a green recovery. We have long led the way for climate action. Last year, we stepped up our climate ambitions by committing to:

- end the financing of unabated fossil fuel-based energy generation
- align all financing activities with the Paris Agreement by the end of 2020
- dedicate at least 50% of our annual financing to climate action and environmental sustainability by 2025
- catalyse €1 trillion of climate action and environmental sustainability investment in the next decade.

We know we can do this. Only a few months ago, the amounts necessary to finance climate change seemed so great that many doubted the money could ever be found. Yet the COVID-19 stimulus packages are larger still. And the result will be jobs. According to a report backed by the Global Commission on the Economy and Climate¹, a partnership of seven developed and developing countries, low-carbon growth could offer economic benefits of \$26 trillion by 2030.

The European Investment Bank has a strong foundation in green and sustainable financing. Since we pioneered the world's first Climate Awareness Bond, we have issued close to €29 billion of green bonds. In 2018, we issued our first sustainability bond to support projects that back social and environmental investment. Coronavirus has not slowed us down. Even since the

lockdowns started in March, we have issued well over €4 billion of these thematic bonds, exceeding the entire volume of 2019.

Just as we were already central to this shift towards green financing, we have also recognised that it is good for jobs. We are sure the green transition can contribute to economic recovery from COVID-19 by creating more jobs, building new and fast-growing industries and promoting greater competitiveness. Again, even before COVID-19 struck, we were on this path. The EIB Group is an important partner in the Just Transition Mechanism to support those who may be adversely affected by a structural shift away from carbon-intensive activities. That commitment remains strong.

And when the EU bank makes a commitment, it has significant impact. Since 2012, we have provided about €170 billion of finance to support over €600 billion of investment in projects that reduce greenhouse gas emissions and help companies—from the smallest start-ups to international conglomerates—adapt to the impacts of climate change.

Ours is a global commitment, not just to climate action, but also to innovative strategies that open up new markets to environmental investment. Two years ago, we committed \$100 million to the Green Bond Cornerstone Fund, which is expected to significantly increase the growth of green bonds in emerging markets. Last year, we invested €60 million in the Amundi European Green Credit Continuum Fund, which aims to broaden the credit spectrum of green bonds and loans beyond its previous focus on large investment grade issuers.

COVID-19 has shown us what is truly important in our lives, as each of us has to make some sacrifices to protect those most vulnerable to the disease. Let us carry that solidarity with us as we confront the great challenge of climate change. ●