

Stakeholder engagement on the EIB Group's Climate Bank Roadmap 2021-2025

Webinar 5 - Thursday 25 June 2020
Session 1, Part 1 - Transport

Summary of discussions

EIB **Vice-President Emma Navarro** welcomed the over 200 webinar participants on behalf of the European Investment Bank (EIB) Group.

She reassured the audience that, despite the global pandemic, the EIB Group remains committed to an ambitious climate and environmental agenda. This is a **critical decade** for the planet. If we neglected the climate threat, even for one or two years, the consequences would be irreversible.

VP Navarro explained that the Climate Bank Roadmap (CBR) will guide the EIB Group's activities from 2021 to 2025. It will have a **broad scope**, covering climate change, sustainability, biodiversity, social welfare and equality, whilst ensuring a **just transition** that protects vulnerable groups and societies.

VP Navarro recalled the [EIB Group's commitments](#) to support at least €1tn of investment in fighting climate change and protecting the environment by the end of this decade, align all its financing activities to the objectives of the Paris Agreement by the end of 2020, and, for the EIB, to dedicate 50% of its financing to climate action and environmental sustainability by 2025 and beyond, . Moreover, the recent [Energy Lending Policy \(ELP\)](#) will put an end to EIB's investment in conventional fossil fuels by 2021. The EIB's climate and energy plans represent **the most ambitious investment programme on climate and the environment** of any public financial institution.

VP Navarro then reiterated that the goal of this engagement exercise is to **collect stakeholders' views to help us produce the best CBR possible**. To this end, this webinar will address the key ideas submitted by stakeholders in the previous round, discuss which activities the EIB Group should prioritise or continue to finance, and how to track progress towards climate action and environmental targets.

Christopher Hurst, Director General for Projects, introduced the debate. He explained that the [EU taxonomy for sustainable activities](#) helps identify the investments that make a positive contribution towards the EIB Group's climate action targets, particularly as regards mitigation. The EIB Group will have to ensure that investments that do not count towards the targets do not make a *negative* contribution either.

Mr. Hurst recalled that, during past recessions, greenhouse gas (GHG) emissions dipped, only to grow again as the economy improved. This time, we have to **ensure that recovery is green** and economic growth can resume on a sustainable path.

Mr. Hurst laid out some of the **challenges**. For example, ending investment in new steel capacity, as some stakeholders suggested, would not address all the questions that the steel industry faces. Should the EIB continue to finance energy efficiency and pollution abatement in existing steel plants that are scheduled for closure before 2050? As steel production will not end soon, we have to design criteria for making sound investment decisions in the steel sector. In doing so, we need to ensure a just transition that does not alienate the people.

Hakan Lucius, Head of Corporate Responsibility, explained the arrangements to ensure an effective discussion, noting that statements will not be attributed to individuals unless expressly requested.

He recalled the **key milestones of the stakeholder engagement process**, which started on 6 March and featured a first series of webinars on 23 and 26 March. Stakeholders were invited to submit written contributions by 24 April. More than 120 contributions were received, totalling well over 600 pages. After today's webinar, stakeholders are invited to submit written contributions by 9 July. The EIB Board of Directors is expected to decide on the CBR in Q4 2020.

After the introductory remarks, the EIB delivered a [presentation](#) about the **transport** sector. It summarised relevant challenges, the role of the sector in the EIB's activities, the key points that stakeholders raised in the first round, the possible future EIB approach and the main outstanding questions. The floor then opened for discussion.

A representative of a coalition of development and environmental NGOs stated that the CBR should **exclude investments in high-carbon sectors**. Airport and motorway capacity expansion in the EU should no longer be eligible for financing. The EIB should focus on scaling up investment in zero-carbon transport infrastructure, public transport, railway electrification and zero-emission multimodal transport services. The EIB acknowledged that airport and road capacity expansion poses difficult questions, with relevance for **several policy objectives** – economic growth, social cohesion, the single market and the climate. The EIB uses cost-benefit analyses (CBA) that include the cost of carbon. It looks very critically at the question of capacity. For the EIB, a blanket ban is not necessarily the most sensible approach – the key question is if capacity expansion is **compatible with a pathway towards a zero-emission economy**, which, in the case of roads in the EU, may be the case if the infrastructure is used by electric or hydrogen-powered vehicles. The EIB acknowledged that a different approach may be required in order to take into account of the specific circumstances of some developing countries.

A participant from the shipping industry explained that EU operators use ships built outside of Europe. Operators have to follow the rules set by the **International Maritime Organization (IMO)**, so the CBR should be consistent with the IMO strategy. He also considered that the CBR should consider **air quality** in addition to GHG

emissions. He proposed that the **water transport of fossil fuels** should remain eligible in order to preserve the capacity to transport low-carbon fuels. Finally, he noted that, within the EU, water transport is in **competition with land transport**. Therefore, the implications of possible modal shifts should be taken into account.

A representative of road sector stakeholders stated that the goal should be to **build a true multimodal system**. To this end, the CBR should consider the **strategic value of projects** and the **resilience of the network**. It should encourage the maintenance and upgrading existing assets. **Digitalisation** should be applied to design and materials to calculate GHG emissions savings before the infrastructure is built. **Innovation** in the use of road assets should be encouraged. Finally, developing people's **skills** is crucial for reaching any objective in this sector. The EIB explained that it takes strategic considerations very seriously by focusing on projects that are part of the [Trans-European Transport Network \(TEN-T\)](#) network or in a [Cohesion Region](#).

A participant from an NGO stated that, instead of building new roads, the EIB should maintain and modify them to improve **safety**, encourage **active mobility** (walking, cycling, access to public transport) and allow **social distancing**. In this way, roads will contribute to sustainability. The EIB stated that the [European Investment Advisory Hub](#) provides technical assistance to integrate road safety considerations in project design. In cooperation with the European Commission, the EIB has established a [road safety platform](#) that is carrying out assignments for several EU Member States.

Participants also raised points about **mining**, noting that cobalt, lithium, copper, nickel, zinc are needed for electric vehicles, and about the possibility to **aggregate small intermediated projects to increase impact**. The EIB has already developed approaches to aggregate intermediated projects, but would welcome stakeholders' ideas in this regard.

Several participants cautioned that financing **liquefied natural gas (LNG)** for waterborne transport could indirectly promote natural gas production. Others stated that LNG is a necessary transition fuel for the maritime sector but requires investment in on-board equipment. The EIB considered that LNG is cleaner than fossil fuels from an air quality and environmental perspective, but methane leakage can worsen its climate impact. This being the critical decade, the question is if the use of LNG, on a temporary basis, is compatible with climate targets and if the EIB should prioritise other technologies and low-carbon fuels.

The EIB Group thanked participants for their constructive participation and reiterated the invitation to submit written contributions by 9 July.