CONSULTATION RESPONSE AUGUST 2025

THE EIB CLIMATE BANK ROADMAP PHASE II: E3G RESPONSE

ROB MOORE, JUREI YADA, VIKTOR AHLGREN, ELLIE BELTON, PIETRO CESARO, CHIARA CELESIA, MICHAEL FORTE, DOMIEN VANGENECHTEN

In a context of political fragility and wavering investor confidence, the update to the Climate Bank Roadmap (CBR) provides an opportunity for the EIB to set out its role in delivering a European economy that provides a prosperous, secure and sustainable future for the EU and its citizens.

The Draghi report and the Clean Industrial Deal make clear that the EU's competitiveness, prosperity, security and sustainability are intricately entwined and that success relies on a coherent plan for delivery. As the cornerstone of the EU's public investment toolkit, the EIB has a critical role to play. It has unique reach across the EU's financial landscape and unparalleled access to European policymaking. At a time of fiscal scarcity across the EU it can amplify public money, with its ability to borrow at rates much lower than many Member States.

Europe faces the challenge of mobilising €800bn per year in additional strategic spending to the inter-twined transitions of decarbonisation, digitalisation and defence[1]. Within these, the climate transition faces the highest overall investment challenge but also a huge diversity of solutions. Europe's prosperity relies on success and the EIB is critical for achieving it. To do so, it should evolve the leadership it has shown under the first phase of the CBR to adapt to the challenges facing the next generation of decarbonisation.

Climate investment needs are greatest in the Global South, with COP29 agreeing a new goal to achieve $1.3tn in investment into developing countries by 2035. Beyond Europe's borders, EIB Global provides a unique capability to support mutually beneficial partnerships and rebuild trust with global partners. At a time

[1] **Time to be strategic: how public money could power Europe's green, digital and defence transitions**

of immense geopolitical fragmentation, aid cuts in and beyond Europe and contested norms in multilateral institutions, it can provide a reliable investment mechanism for the EU's agenda in the EU Neighbourhood and beyond. Coupled with more concessional forms of support and deeper trade links, this can create win-wins for development and prosperity - enhancing European competitiveness whilst delivering across climate, development and security.

The existing CBR provided a clear mission orientation. The EIB's efforts to align its portfolio with the Paris Agreement, establish a leading and front-footed energy policy and to establish a 50% climate finance target (which is already being regularly exceeded) have helped accelerate and reduce the costs of the transition within Europe and globally. The EIB's engagement with the European sustainable finance agenda has ensured policymakers and implementing stakeholders are able to benefit from its unique ability to serve as a policy actor, investor and capacity builder. Its actions to grow and build integrity in the green bond market have accelerated the development and impact of one of the most crucial instruments for raising private investment for the transition. And its leadership has allowed it to credibly engage with other major MDBs with a view to leveraging up ambition.

The EIB Group should now respond to a changing world and evolving needs, building on this historic leadership. This policy briefing sets out E3G's views on how the update to the CBR can contribute to this, building on previous analysis[2] and in response to the consultation questions set by the EIB Group:

1. **What considerations should inform the EIB Group's Phase II Ambition?** In this section, we outline broad elements and considerations relating to overall ambition of the EIB Group and the challenges ahead.
2. **Which areas should EIB focus its Financial and Advisory Support on 2026-2030?** In this section, we provide detail on specific areas where the EIB Group should prioritise activity in the coming years.
3. **How can the EIB Group Strike the right balance between simplification and maintaining robust frameworks?** In this section, we highlight the role the EIB Group can play in promoting ambition while aligning with EU standards.

Collectively and at a time where strategic investment and coherence are both critical, these actions will enable the EIB Group to contribute to a competitive, prosperous, secure and environmentally sustainable future for Europe.

[2] E3G, ShareAction & WWF, 2024, **Investing in Europe's Prosperity**

1. What considerations should inform the EIB Group's Phase II Ambition?

The EIB Group needs to inform and underpin the EU's response to the entwined challenges facing Europe outlined in the Draghi report – that the risk of incoherence, a response inconsistent with the scale of the challenge, or a lack of long-term vision diminish the EU's long-term competitiveness, security, prosperity and sustainability. To do so it should marry urgent actions with a long-term vision and not be distracted by short-term drivers. It should simultaneously act as a shaper of policy, a strategically important implementing institution delivering catalytic investment, and a capacity builder across the EU and beyond.

Since the publication of the CBR, the EU and the world have witnessed a number of drastic shifts across policy, geopolitics, finance, economics, trade and security. The EIB's vision for 2026-30 will help shape the tone for the EU's response to these shifts and have repercussions that extend beyond this time horizon. Energy independence and resilience will remain part of Europe's security architecture, and the green transition remains essential to long-term stability.

Whilst the broad framework of the CBR remains a solid basis, its update will need to account for lessons learnt to date and the evolution of the challenges and opportunities facing the EU. It will need to navigate shifting trends in public finance including cuts to aid budgets and pressure to increase investment in security. It should also respond to internal changes to EIB's structure since the original Roadmap, including the creation of EIB Global.

Finally, it will need to set out how it will maximise ambition whilst handling the ongoing process of agreeing the future European budget under the next MFF. Given the inter-reliance of the EIB's ambition with the EU Budget for those activities requiring additional resources, the EIB should commit to undertake a review of the CBR following the conclusion of the MFF with a view to providing further granularity on delivery mechanisms and sectoral pathways and, where possible, enhancing ambition. Such updates have already been committed to for related EIB strategies facing an interdependency with the EU budget, such as the EIB Global Strategy.

The EIB Group's Phase II Ambition should be informed by the following considerations:

1. **BUILDING CONFIDENCE: Setting strong targets and sending a clear signal on ambition.** To maintain its mission focus and evolve in line with the challenges

facing Europe, the EIB should re-enforce and enhance its climate targets, in line with the Draghi report, European Climate Law and Paris Agreement. With Europe's long-term competitiveness highly tethered to the transition to a low carbon economy and political developments elsewhere creating investor uncertainty, the EIB should re-enforce confidence through its policies and respond to market uncertainty through its investments. This means maintaining robust energy policies and enhancing activity in frontier areas (see (2) below). In alignment with Europe's commitment to net zero by 2050, the EIB should also consider setting an absolute GHG emissions target at the portfolio level. The Bank should also enhance its climate finance target in line with the scale of the financing challenge, reflecting that its performance in recent years has far exceeded its current 50% target, approaching 60%.[3] As part of this it should re-formulate its headline target for adaptation, moving away from the current 15% goal, which does not provide the best incentives for tackling the challenge of increasing finance for adaptation and resilience. Finally, it should account for the specific challenges facing EIB Global's client base by creating separate climate targets for domestic and global operations.

2. **EVOLVING FOCUS: Driving investment into the next frontier of climate action to deliver the infrastructure and skills the EU needs.** This includes increasing the use of risk capital for the critical challenges facing European decarbonisation, which will increasingly require a focus beyond power generation. Specific expansion areas are outlined in our response to question 2 and include activities focussed on grids, heating, industry and clean energy value chains. Across these, there is a clear case for expansion of EIB guarantee and counter-guarantee facilities to lower capital costs and drive private investment. There is also a need for increasing focus on direct investment and de-risking that targets innovative SMEs; shoring up environmental integrity whilst preserving market access for industries in transition; building the skills and capabilities needed for the transition beyond 2030; and working to ensure social cohesion.

3. **NAVIGATING SIMPLIFICATION: Responding to challenges in implementation to date and ensuring a just transition that safeguards environmental integrity and delivers for the European economy.** The EIB should maintain its key role as an informer of European climate and sustainable finance policy and use its practical insights to support the navigation of the simplification agenda. It should help to build capacity for implementation in and beyond the EU, including through the development of tools that can ease reporting

[3] See for example the Joint MDB Report on Climate Finance covering **2023**, and **2022**.

(e.g. for monitoring, reporting and verification). The EIB should also build on its just transition track record by scaling up support for associated education, reskilling, healthcare, housing and transport initiatives — making social investment a core part of Europe's competitiveness and climate strategy. Specific challenges have been highlighted regarding the EIB's financial support for high-emitting sectors and large financial intermediaries[4]. Consideration should be given to how incentives can be structured to ensure any lending to such institutions is accompanied by action aligned with the EU's transition. Key focus areas are set out in response to question (3).

4. **INCREASING COHERENCE: Acting to resolve poor coordination and coherence across the European public finance system, with an increased focus on direct engagement with Member State institutions and plans.** This includes increasing work to create synergies between centralised EU institutions and funds and the strategies, plans and priorities of Member States. This should include the development of co-financing models with national promotional banks and deeper work to support the development and implementation of investable national plans. Overall, this should aim to improve the coherence of Europe's under-utilised public bank network, including through establishing shared strategies and financing models, as well as greater sharing of knowledge and expertise. Specific upcoming opportunities to implement an integrated approach include: (1) the potential for increased synergies across National Regional Partnership Plans proposed under the new MFF and NECPs; and (2) the Member State compartment of InvestEU, which could be further expanded under the Competitiveness Fund, and through further engagement with implementing partners at national level. Further details are set out in section (2). Externally, there is a clear and obvious role for the EIB to play in convening and increasing European climate and development co-ordination at a strategic level, especially as EU Member States consider how to mitigate the damage of ODA cuts and their future climate finance strategies.

5. **THINKING GLOBALLY: Strengthening the role of EIB Global as part of a wider European strategy for creating international partnerships and responding to climate and development finance challenges.** The clean and resilient economy is globally interconnected. The EU must enhance its external action if it is to cement the partnerships necessary for ensuring competitiveness and prosperity. Amid global development budgets cuts and political tensions bringing into question the climate ambition of other development actors, the

[4] Counter Balance (2025) **Behind EIB's Green Curtains: A Review of the Climate Bank Roadmap**

EU having an outward facing investor able to support co-ordination and the mobilisation of finance at scale is critically important. The CBR update should set out how the EIB can play an enhanced role in the building of EU external partnerships (such as CTIPs) and in navigating the bloc's response to international trade challenges, while continuing to provide concessional finance for the most vulnerable countries. The CBR review is an opportunity to set differentiated, specific targets for EIB Global, accounting for the different challenges facing EIB's international clients and allowing enhanced comparability with other MDBs. This should provide a runway for the upcoming update to the EIB Global Strategy in 2027, which in turn offers an opportunity to more fundamentally set out an increased role for EIB Global in a changing world. Specific proposed focus areas are set out in section 2.

6. **REACHING SCALE: Considering how to increase headroom in line with the scale of the financing gap**. This will require further interrogation of the risk appetite of the EIB Group. Despite progress to optimise lending levels with available resources (through developing several effective instruments for risk absorption and shifts to the EIB's gearing ratio), recent profitability and retention of earnings mean that the EIB's leveraging ratio remains below recent levels.[5] With further investment drastically needed to enable growth, competitiveness and stability, there is a strong case for considering how these additional profits could be recycled into further investments. To fully meet its potential the EIB will also require additional capital, whether directly through further capitalisation or through the provision of external concessional finance from EU and other funds. This will not be fully resolved via the CBR given the timeline of MFF negotiations. However, the CBR provides an opportunity to set a vision for more stretching levels of ambition, and associated targets, pending further resource availability (including informing G20 MDB Roadmap requirements for MDBs to self-report on the alignment between resource availability and needs for delivering on strategies[6]). The CBR must signal intent to grow investment at the stretching end of what is possible with existing and projected future resources, to combat uncertainty in the 2026-2027 period stemming from the MFF transition and end of the RRF.

[5] **Moody's Ratings – EIB Credit Opinion July 2025**

[6] **G20 Roadmap towards better, bigger, and more effective MDBs**

2. As a public bank, on which areas should the EIB focus its financial and advisory support in 2026-2030?

This section provides recommendations for how the EIB should enhance and focus its financial and advisory support in 2026-2030, across its two broad geographical business areas: (1) European operations; and (2) global operations. We begin by setting out crosscutting recommendations which apply across both sets of activities or reflect actions needed within the EIB, such as the building of internal capacity in order to deliver in the coming period and beyond 2030.

The following factors apply across the EIB's operations.

The EIB should continue to increase the use of risk-absorbing instruments including significantly increased use of guarantees and counter-guarantees. This is especially needed in strategic areas such as energy efficiency, grids, industrial decarbonisation, and the manufacturing of crucial clean technology components, where high capital costs and market volatility are deterring investment; as well as EIB Global activities where risk perception in emerging markets is continuing to deter investment and increase capital costs. Guarantees are significantly more effective at lowering cost of capital and mobilising private investment than other instruments. Over 80% of the EU's climate investment gap lies in demand-side sectors such as buildings, transport, industry and agriculture, where financing tools are less mature, solutions often still developing, and perceived risks higher.

The EIB should balance this with investment in public service provision and skills vital to achieve the transition and maintain public support. As the EU economy undergoes a deep structural change, the ability to manage distributional impacts, ensure access to opportunity, and keep all regions engaged in the transition will be critical to maintaining political and economic stability. Ensuring that productivity growth and social inclusion go hand-in-hand will require increased investment in the skills systems, public services and territorial cohesion needed to underpin a competitive transition. The EIB should deliver strong investments in education, (re)skilling, healthcare, housing, transport and childcare to equip workers and communities for change, building on its expanding role in funding manufacturing capacity to also support the social and territorial foundations of Europe's transition.

Across both domestic and global operations, the EIB should also address gaps and in targets, notably in relation to adaptation and nature. The EIB's current adaptation target of 15% of the Bank's overall finance for climate action falls short of being an effective tool for incentivising and tracking the EIB's contribution to closing the **adaptation gap**. A proportional target risks creating perverse incentives against mitigation finance and fails to account for the integrated nature of emissions reduction and resilience; whilst a single target across EU and Global operations fails to account for the very different nature of the challenges facing developing countries. The EIB should adopt an absolute adaptation finance target (i.e. expressed in 'at least €xbn' terms), which within the EU should be combined with a set of measures to drive resilient investment and beyond the EU should include specific provisions for providing concessional finance to LDCs and SIDS. Both should be accompanied by impact metrics to ensure quality as well as quantity of finance are incentivised. Regarding the overall level, the EIB could consider at least tripling the most recently reported (2023) annual level of **€2.7bn**, by 2030, with a clear separation of sub-targets for EU and Global operations and a potential stretch target of €10bn.

The CBR update should also address the lack of portfolio targets related to nature and biodiversity. In light of the EU's commitment to deforestation-free products, the EIB should integrate an explicit commitment in the CBR to zero net deforestation across the portfolio.[7] The EIB should also further set time-bound, quantifiable targets for scaling up nature-positive investments.

More broadly on adaptation, the EIB should enhance and scale up its support offer for adaptation and resilience projects. This can be done by strengthening or developing tailored financial products, which are useful for less marketable projects such as nature-based solutions and biodiversity, but also projects in heavy industry and agriculture. In this context, the EU could launch and host a "resilience mission" providing governance and advice from across different EU institutions. This platform could additionally serve to support the establishment of adaptation country platforms for EU member states – such plans are useful tools through which countries can coordinate the development of national adaptation plans and link their investment gaps with pragmatic investment proposals. The platform could furthermore provide a robust pipeline for essential tailored projects, providing a clear trajectory for a country's resilience efforts and implementing the EU "resilience mission". In light of the context-dependent nature of adaptation, such a platform could be instrumental in

[7] The IDB, for instance, has made leading progress in this regard among MDBs through its adoption of **"zero deforestation in the Amazon"** as a strategic objective.

gaining a granular understanding of specific needs, subsequently facilitating the identification of financial instruments best suited for effective implementation, which could involve resilience bonds.[8]

Further, the EIB should set out how it can evolve its own skills and capacities to optimally serve the EU in catalysing the transition, requiring a more heterogenous personnel structure that ensures the requisite skills and capabilities to provide tailored and cutting-edge technical capacity support. As outlined below, the EIB and other European public banks will have to move beyond sectors where it currently focuses the majority of its climate financing, to pioneer new approaches in sectors including decarbonising heavy industries and agriculture, developing new investment strategies and financial instruments to make projects bankable. To strengthen strategic technical assistance and enhance the provision of cutting-edge financial products to do so, the EIB should develop a personnel structure able to provide tailored and cutting-edge technical capacity support not only for ideating projects but also for structuring the financial modelling to give access to funds, including riskier innovation finance and clean technology manufacturing projects. Such heterogenous teams could include financial modelers, engineers and biologists, who together can come up with pathways, practical projects and financing mechanisms for deep decarbonisation projects. In addition:

> The EIB should increase technical assistance to various stakeholders in their transition processes beyond public and private intermediary lenders to also include regional and local entities, as well as the private sector, which should be reflected in the personnel structure and resourcing. This assistance could extend to intermediary lenders, as well as companies collaborating with strategic partners. The aim should be to decrease the overall bureaucracy burden of accessing EU funds, and scaling up regional access to funds and credits.[9]

> Specifically in the context of supporting manufacturing bottlenecks in vital clean energy value chains, increasing EIB staffing dedicated to cleantech financing would allow for more active engagement with cleantech firms, raising awareness of available financial tools and supporting them in progressing from research to commercial scale through the complex landscape of EU funding.

[8] E3G (2024), **Investing in Europe's prosperity**.

[9] E3G (2024), **Investing in Europe's prosperity**.

> Providing these additional forms of support would contribute to simplifying the implementation effort and access to finance, further discussed under question 3 below.

For its operations within the EU, the EIB should focus on developing its financial and advisory offers in the following areas:

Energy, Infrastructure and Technology

Increasing and re-focusing energy sector investments in line with the need to accelerate the speed of the transition. The EIB energy lending policy has delivered significant investment in the energy sector and remains broadly aligned with the EU's climate, security and competitiveness goals. As Europe enters a period of deeper decarbonisation, there is a need to shift attention to areas which continue to see underinvestment and deliver multiple social benefits. These include:

1. **Significantly increasing ambition in supporting grid modernisation, including electricity transmission and distribution and cross-border interconnection, helping deliver the projected €1.2 trillion investment needed to 2040**.

> Work with Member States to develop risk-sharing instruments and financing for capital-intensive projects with long investment life cycles, helping reduce financing costs and, ultimately, costs to consumers. Addressing pressure on network companies' debts, driven by large-scale investment plans, can strengthen balance sheets and enable timely delivery of critical projects. There is a particular need to expand the use of de-risking instruments for the delivery of network upgrades, and the EIB should elaborate on and consider expanding its support in this space, building on proposals in the Clean Industrial Deal to develop a counter-guarantee facility for grids.

> Increase investment in digitalisation and innovation at distribution level where fragmented frameworks, innovation gaps, and connection delays are impeding Europe's progress towards electrification. With the smart grid market expected to more than double to **$185 billion by 2029**, and local flexibility markets projected to rise six-fold, the EIB is uniquely positioned to accelerate investment in these high-impact areas and help de-risk early investments.

2. **Increasing support for housing, local heating and cooling solutions, while maintaining focus on efficiency**. This should include:

> Maintaining energy efficiency as a central part of EIB-lending for housing and SMEs to reduce emissions, improve affordability and increase long-term asset value and climate resilience.

> Providing additional EIB guidance on what constitutes affordable and sustainable housing investment to help the market scale.

> Developing targeted instruments to ensure the delivery of benefits from small-scale projects, social housing and alternative models of housing, such as community-land trusts.

> Identifying heating decarbonisation as an investment priority and developing further tools to support innovation and the roll-out of clean heating and cooling solutions, particularly heat pumps, next generation district heating, solar and geothermal.

> Providing technical assistance to support project pipelines and targeted instruments to support local and regional authorities tasked with creating and implementing heating and cooling decarbonisation plans.

3. **Moving beyond investing in renewable generation towards investing in renewable integration, with additional tools supporting electrification and innovative low-carbon storage, demand response and flexibility solutions.** Targeted public investment is critical in several areas:

> Public support (including grants) and early stage investment in high-potential technologies such as floating offshore wind and other pre-commercial and early demonstration projects at the scale needed to achieve commercialisation. This should include an earmarking of TechEU funds for clean technology, with the EIB also increasing the use of guarantees to crowd in private capital.

> Continuing targeted measures for renewables and renewable integration in member states facing extra challenges through the Energy Transition Package[10], including increased technical assistance to spur the creation of corporate PPAs and support storage and demand-side flexibility.

4. **Supporting the deep decarbonisation and competitiveness of European industry.** Energy-intensive industries, from steel and cement to chemicals, are the foundation of the material economy, underpinning everything from

[10] **Mid-term review of the EIB Energy Lending Policy**

cleantech manufacturing to construction and defence and responsible for almost a fifth of European emissions. While many of the companies active in these sectors are mature and well-capitalised, a recent EIB investment survey[11] shows that planned investments in decarbonisation are being delayed due to cost and competitiveness pressures, uncertainty and increased financing costs. Many are entering critical reinvestment cycles this decade[12], and without strong public finance signals to unlock investments in clean alternatives, there exists significant risk to lock in fossil-based production for decades, endangering its climate targets while exacerbating Europe's strategic dependencies, fossil fuel exposure.

The EIB can help unlock the €35 billion[13] in annual investment needs for these sectors, by offering more patient blended finance tailored to the capital intensity and timelines of the industrial transition. It should also support full industrial value chains, including increasing its role in financing clean infrastructure like grids and actively support demand creation for clean materials, for example by offering guarantees for Green Market Makers[14].

Crucially, the Bank should stop financing gas-based industrial processes – still permitted under the current roadmap – and ensure that all funding is linked to credible transition plans.

5. **Better facilitating investments in cleantech manufacturing & strategic value chains.** A resilient European cleantech manufacturing ecosystem is essential for delivering the green transition and strengthening strategic autonomy in a rapidly shifting global landscape. To avoid bottlenecks and secure critical value chains for the climate transition, the EIB should focus on financing the manufacturing capacity needed to meet rising demand — particularly in fast-growing sectors such as grids, industrial electrification, and other clean energy supply chains. This should be closely linked with the work of EIB Global (see below) where supply chains are intrinsically cross-border.

   The EIB should expand the use of guarantees under the InvestEU instrument, building on recent pilots in wind and grid manufacturing, and extend them to other key value chains such as key components for grids, heat pumps and

[11] **EIB Investment Report 2023/2024**

[12] Agora Energiewende/Wuppertal Institute, 2020, **Reinvestment needs by 2030 and direct employment in cement, steel and basic chemicals in the EU**

[13] European Commission, February 2024, **Impact assessment accompanying the 2040 climate target**

[14] Mission Possible Partnership, 2024, **Unleashing market forces to scale green industry: the role of Green Market Makers**

industrial electrification technologies[15]. This includes deploying counter-guarantees, to back commercial bank guarantees, to help manufacturers scale without tying up working capital[16]. In the coming years these tools should move from pilot to permanent status, forming a core part of EIB's support toolkit.

Currently underfunded but strategic bottlenecks should be prioritised, such as recycling facilities and innovative manufacturing processes that reduce critical raw material use. At the same time, the EIB should scale up resources for its Advisory Hub and project development assistance, including under the Innovation Fund, to help cleantech SMEs and start-ups navigate EU-level finance and deliver a strong pipeline of investment-ready projects.

Skills and the Just Transition

In addition to its investment in infrastructure and clean technology, the EIB should act to **strengthen investments in skills, just transition and public services while avoiding a two-speed Europe.** Europe is undergoing a profound structural transformation, marked by accelerating technological change, deep industrial shifts, and a shrinking working-age population. Skills shortages are now one of the biggest barriers to investment across Europe. The EIB's Investment Survey 2023[17] shows that over 80% of firms cite skills shortages as a major constraint.

This requires sustained public investment in the skills systems, public services and territorial infrastructure that support participation, resilience and opportunity across all regions. It also relies on strong public services – such as education, housing, healthcare and transport – that enable labour force participation, productivity, and inclusive growth. The EIB should continue investing in STEM and digital education infrastructure, while also expanding its support for vocational training, green apprenticeships, and lifelong learning, particularly in carbon-intensive and economically vulnerable regions. It should set out in the CBR update how it is acting across its operations to integrate just transition aspects into these wider agendas.

In this context, the EIB should lead in protecting and expanding its just transition finance after the end of this MFF. Recent proposals for the next MFF period risk diluting dedicated funding for just transition and social support within broader

[15] **EIB Group increases 2025 financing ceiling to record €100 billion to step up investments in security and defence, energy grids, and Europe's tech leadership**

[16] Cleantech for Europe, 2024, **Joint letter in response to EIB strategic roadmap**

[17] **EIB Investment Report 2023/2024**

national and regional plans (NRPPs). It will be critical for the EIB to build on its leadership in this area – including through the Just Transition scheme under InvestEU, its role in financing just transition and skills projects through the Modernisation Fund, and by expanding its offering of low-interest loans under the Public Sector Loan Facility (PSLF). The Bank should also seek to maintain a strong advisory and project development role in the post-2027 period, working alongside emerging support tools such as the proposed NRPP "EU Facility".

Addressing regional disparities must remain a central priority. Many Central and Eastern European (CEE) Member States face higher transition costs, older industrial infrastructure, and more limited access to affordable capital. This creates a risk of carbon lock-in and social disruption. The EIB can help close this gap by leveraging InvestEU and its roles in the Modernisation Fund and the Innovation Fund to improve access to finance in these regions, while expanding technical assistance and project development support. Tailored financial tools and partnerships with national promotional banks could also address lending asymmetries and unlock much-needed investment in clean industry and energy infrastructure, including power grids.

Deepening direct collaboration with Member States.

Progress across each of these areas will require deeper collaboration with national and local governments and financial institutions, rooted in national strategies and plans. The most relevant plans to be considered at a national level are Long-term strategies & National Energy and Climate Plans, National Building Renovation Plans, Adaptation Plans, National Restoration Plans, Territorial Just Transition Plans & Social Climate Plans. The EIB should place a greater focus on supporting the development, coherence and implementation of these national plans, while also supporting the process of making them more investable and encouraging cross-Government collaboration.

This should involve increased structured dialogue with Member States to consider how the EIB can support the optimisation and implementation of national plans. It should also include greater partnership with member state actors, such as national development banks, finance, energy and climate ministries and relevant financial and economic actors, analogous to international work to develop models for 'country platforms' that seek to channel international and domestic investment for implementation. The EIB is uniquely placed to build the right capacity and implementation knowledge for developing and implementing such strategies at Member State level, in line with EU climate targets. This could include increased efforts to establish skill-sharing arrangements, direct financial support (for instance, guarantees to national promotional banks to enable increased headroom for climate ambition) or strengthening engagement and use of InvestEU's Member State Compartment.

For the EIB Group's international operations, EIB Global should focus on developing its financial and advisory offers in the following areas:

1. **Anchoring the development of partnerships between the EU and key emerging markets.** Our previous analysis of the EU's climate toolkit [18] highlights the importance of bilateral partnerships for driving progress in the new world order, diversifying supply chains and supporting economic security. These are a critical component of European climate, development and trade diplomacy in regions which have been hit by aid cuts and where other international actors are increasingly gaining influence. Key priorities for the EIB should include:

> Providing advisory services that support national planning and the production of sectoral investment plans in line with the Paris Agreement, ensuring compatibility with climate goals and enabling the identification of opportunities for attracting European investment (for instance, through Clean Trade and Investment Partnerships);

> Acting as a core investor in such partnerships through lending and the use of de-risking instruments. This should include considering the use of targeted subsidies and policy-based lending focussed on accelerating a clean and resilient transition in partner countries;

> Building coherence in delivery across 'Team Europe', including by working with the EBRD and European DFIs to ensure European development finance actors are maximising synergies and avoiding duplication. This could contribute to wider work by the international community to deliver 'country platforms' which respond to national plans and provide more co-ordinated mechanisms for engagement with providers of international finance.

2. **Building international capacity to respond to and engage with EU policies (such as on sustainable finance reporting and CBAM) through dedicated capacity building and tool development.** Beyond its direct financing, the EIB is well-positioned to support the building of international capability and capacity as Europe implements a range of policies that will support global decarbonisation and climate risk reduction, but which could pose implementation challenges for international partners (such as EU sustainable

[18] E3G (2025) **Pursuing a Proactive Green Trade Agenda in a Multipolar World**

finance reporting requirements and CBAM). This is a clear area of comparative advantage for EIB given must respond to the same policies and develop the same tools within the EU context. Enhancing dedicated capacity building efforts to support partner countries as these policies are implemented could help ease diplomatic friction whilst supporting inter-operability and avoiding unintended trade impacts. The development of tools to ease the monitoring, reporting and verification (MRV) of climate impacts in particular offer multiple benefits - simultaneously assisting clients to adhere to sustainable finance reporting standards, meet CBAM requirements and access high-integrity carbon markets.

3. **Moving to scale with instruments capable of responding to challenges limiting mobilisation in EIB Global regions.** The endurance of debt sustainability issues alongside cuts in global concessional finance budgets pose material threats to climate, development and financial stability. The EU's toolkit is not currently optimised to respond and there will be a continued need for concessional finance to allow the EIB to have maximum impact. The EIB nonetheless possesses several tools that have the potential to increase scale and impact in the immediate term. Priority areas for the forthcoming Roadmap period include:

> **Scaling up the targeted use of risk absorption instruments to lower cost of capital and attract private investment**. Building on the approach proposed for EIB's domestic operations, this should include expanded use of guarantees under EFSD+ for sectors or institutions where risk perception is deterring necessary investment, including for the delivery of grid infrastructure.

> **Expanding the use of debt for climate swaps** to bring forward investment in climate needs in fiscally constrained countries, building on the EIB's experience through its partnership with the IDB in Barbados.

> **Providing dedicated support to accelerate coal phase-out** through the provision of low-cost financing and technical support, building on the precedents set by other MDBs such as via the Asian Development Bank's Energy Transition Mechanism deals.

> **Expanding action on local currency solutions**, including forming partnerships with and extending credit lines to green national development banks who are well-positioned to navigate domestic contexts but face balance sheet and capacity limitations.

> **Helping to free up domestic capital in emerging markets through aggregation and securitisation models**, with EIB Global bundling mature and safe investments (such as performing clean energy assets) and selling them on to European investors, freeing up local capital to be re-invested. The EIB's strong links to the European private financial sector would position it well to play a strong role, with limited impact on its balance sheet.

4. **Setting an EIB Global adaptation target which includes specific assurances on the provision of concessional or grant-based finance to the most vulnerable countries.** EIB Global channels a high percentage of its adaptation finance to the poorest and most vulnerable countries. Formalising this by setting out a targeted allocation for LDCs and SIDs, including assurance on accessibility and concessionally of finance, would (as well as ensuring adaptation finance was reaching those most in need) support EU objectives in the context of broader climate diplomacy and better position the EU to support a strong adaptation finance package at COP30 in a challenging political context. This should: (1) be designed with a specific focus on most vulnerable countries (i.e. LDCs and SIDS); (2) provide a means for tracking both inputs – covering the quantity and quality of finance (e.g. concessionality) – and impacts (in line with the **common MDB approach to measuring climate results**). This would form part of the proposed overall target for increasing EIB adaptation finance by 2030, as proposed at the start of this section.

5. **Reviewing its geographical focus in light of new realities and setting out a strategic response to shifts in international development finance.** The radical shift in global development and ongoing geo-political dynamics will shift climate and development realities in EIB Global client countries in real time. This is particularly acute in Africa, where other international actors are increasing their footprint and the loss of USAID programmes focussed on attracting investment for the green transition have left a critical gap. Given the criticality of public finance for meeting climate needs in Africa, the prioritisation of sub-Saharan Africa in the European Commission's MFF proposals and the continent's close entwinement with European clean economy supply chains, EIB Global should commit to setting out a dedicated and enhanced strategy for clean and resilient partnership with Africa that enables the identification of emergent gaps for climate and development finance, as part of a co-ordinated effort with other EU Institutions and member states. A similar approach in other regions could follow.

3. In implementing Phase II, how can the EIB Group strike the right balance between simplification and maintaining robust frameworks?

As a public bank with a clear mandate to accelerate the European transition, the EIB is uniquely positioned to drive climate and sustainability ambition, particularly by leading in areas where private finance is less forthcoming, while reducing the burden on partners through greater coherence in its practices, increased technical assistance and support and building corresponding tools. This can be achieved in four ways.

1. **Driving the transition ambitiously while ensuring coherence with EU standards and policies.**

To balance simplification with framework robustness, the EIB Group should place the acceleration of the European transition as a core driver in the implementation of its updated CBR. Against the backdrop of simplification efforts targeting the EU sustainable finance policy framework including the EU Taxonomy and corporate sustainability reporting, the bank should promote coherence with the updated requirements while also going beyond mere alignment where possible, assuming a proactive role in steering the transition of its partners and clients. This would involve focusing activities in sectors and geographies that are harder to decarbonize; where there is a need for public investment to ensure a just transition and the provision of public services; or where the market is lagging (see question 2 above) and reducing burdens by providing increased technical support and tools (see points below). The EIB should also further explore favorable interest rates (to the degree possible) for taxonomy-aligned investments, complete exclusion of fossil fuel financing in areas where exceptions still exist (such as gas) and strengthen energy efficiency standards and their operationalization.[19]

2. **Ensuring transition integrity through improved intermediary and corporate frameworks and transition plans.**

The EIB should act to close loopholes in its treatment of financial intermediaries and large corporates undergoing transition, where current policies may not fully ensure alignment with climate goals. This requires a stronger, more consistent application of sustainability-linked conditions in lending operations, without

[19] E3G (2024), **Investing in Europe's prosperity;** and E3G (2025), **Making every public Euro count: How to leverage private transition investment through the EU's MFF**.

adding unnecessary complexity. To achieve this, the EIB should standardize and streamline expectations for transition plans by taking the following steps:

> **In its update to PATH, introducing a clear requirement for transition plans from large corporates and financial intermediaries** seeking EIB financing. These plans should align with EU climate targets and, where they relate to global operations, should align with the Paris Agreement.

> **Transition plan requirements should align with EU regulations and draw on widely accepted frameworks to avoid duplication and reporting fatigue.** A minimum standard could address differences in regional approaches across clients. The transition plan requirements could for example align with international best practice (see point 4 below). The bank should also engage with other MDBs to ensure a standardised approach which is essential for reducing client burdens.

> **Providing capacity building support to the bank's client base to ensure credible and coherent transition planning**. The EIB should frontload its capacity building when making transition plan requests and align approaches with the EBRD where there is overlap in client regions.

> **Linking transition plans to the use of sustainability-linked instruments, performance-based conditions, or clawback clauses** where transition milestones are not met. This would respond to observations that the EIB has little ability to ensure large financial intermediaries and corporates are able to receive continued lending without cutting off access to financing. These mechanisms would ideally be tethered to transition plans, providing accountability and preserving market access while accelerating the transition of clients and partners.

> **Continuing to evolve green bond markets to enable scale and environmental integrity.** This should include continuing to enhance global interoperability and considering how bonds focussed on transition assets can ensure alignment with European and global climate goals. The EIB could also consider dedicated bond issuances for adaptation and resilience – which have been piloted by the AIIB – to support increased mobilisation of adaptation finance.

3. **Strengthening technical capacity to simplify access to finance and project development.**

Increasing technical capacity support would simplify access to finance and project development without compromising the robustness of frameworks. As the EIB looks to engage more extensively in harder-to-abate sectors including heavy industry, agriculture and clean technologies, it should move beyond its traditional areas of climate action and adopt a more proactive role in project development and financial structuring. The EIB could do so by:

> **Building a more heterogenous personnel structure** – for instance comprising financial modelers, engineers, environmental scientists and sector specialists (e.g. biologists, industrial engineers). These multidisciplinary teams would be designed to not only help identify and ideate credible decarbonization projects, but also structuring innovative, bankable financing solutions, including for riskier projects.

> **Scaling up technical assistance and advisory support for a wider range of stakeholders** – not just public and private intermediary lenders, but also regional and local entities, SMEs, and companies working with strategic partners. This would be critical to reducing the burden of accessing EIB and EU funds while expanding the geographic and sectoral coverage of transition finance.

> **Enhancing internal cleantech capacity by increasing staffing and expertise** dedicated specifically to clean technology finance. Expanded capacity would help clients navigate EU funding channels, move from research to commercial deployment, and scale innovation that is critical to achieving the EU's climate goals.

Some of these changes will be contingent on decisions outside the scope of the CBR involving the bank's resourcing and mandate, and options could include building in-house teams within the EIB or developing shared teams with other EU institutions and agencies. But developing these skills are critical for maximising the positive impact of the EIB on the transition and ensuring an integrated approach to achieving simplification while maintaining ambition and leveraging the EIB's unique role to accelerate the transition.

4. **Leverage the EIB's unique role to build implementation support tools and inform policy and best practices.**

As the EU's pre-eminent public finance institution with a direct line to policymakers and a broad range of clients, the EIB is uniquely positioned to inform EU sustainable finance policy and build the ground for its implementation, as illustrated in its pioneering of green bonds and subsequent development of the green bond market, which paved the way for the launch of EU Green Bond standard in 2024 and raising the integrity of this instrument. The

EIB should further strengthen its role in informing decisions as a thought leader as well as an implementation enabler.

This should include:

> Investing in the **development of automated or semi-automated reporting tools**, particular for SMEs and international operations, to ease the reporting and implementation burdens on clients. Simplifying monitoring, reporting and verification (MRV) processes could reduce barriers while ensuring consistency and transparency and the development of integrated MRV tools could support multiple policy objectives, particularly for global operations where international clients need enhanced MRV capability to meet multiple requirements (see EIB Global section above).

> **Informing and supporting EU policymaking** by actively contributing to shaping the sustainable finance framework via sharing data, methodologies and practical insights from its operations. The bank should in particular:

i. **Provide regular tracking updates on green and transition finance flows** in the EU and Member States, in close coordination with EU institutions and the EU Platform on Sustainable Finance. In doing so, the EIB can help foster a 'virtuous circle' where evidence-based analysis feeds directly into policy development and enables timely course correction.

ii. **Contribute technical insights into the implementation challenges relating to the EU sustainable finance policy framework**, including the Corporate Sustainability Reporting Directive (CSRD) and Capital Requirements Directive (CRD).

iii. **Leverage insights from transition plans and planning**. Transition plans are a strategic, forward-looking tool that can support finance mobilisation and the communication of key information from clients to the EIB to inform its own Paris Alignment. They are increasingly being shown as effective in facilitating cross-border transition finance and are a market norm in the EIB's focus regions. The EIB should commit to developing its own transition plan in line with international best practice by end 2026 as a means of implementing its Paris Alignment approach and work with other MDBs on a standardised approach to MDB transition plans. EIB could benefit from engagement in the International Transition Plan Network (ITPN)[20], which is a platform for

[20] **International Transition Plan Network | About**

policymakers and regulators to share best practice and receive thought leadership on private sector transition planning.

> **Updating EIB's PATH framework to reflect international best practice in relation to private sector transition planning**, as reflected in the 2024 G20 Sustainable Finance Working Group transition plan principles, and in the 2025 IFRS guidance on transition plans which in turn refers to the IFRS-owned disclosure guidance materials created by the Transition Plan Taskforce. As an international leader the EIB is uniquely well placed to ensure that the transition plan component in the European Sustainability Reporting Standards (ESRS) can be set in the context of the latest international developments enabling interoperability across domestic and international EIB operations, contributing to global best practices in transition planning and ensuring coherence across jurisdictions. The updated PATH approached should clearly use the language of 'transition planning' (the process) and 'transition plans' (the output) as the key central concept to match existing market practice and reduce market confusion. Finally, PATH requirements should also align with relevant EU regulations, particularly CSRD, CSDDD and CRD.

> The EIB could additionally **work with European public banks to jointly develop transition plans at country, sectoral, regional level**, which would involve designing ad-hoc regional and sectoral transition scenarios at member state level, to be used as benchmarks by regions, cities, sectors and companies.

About E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

More information is available at **www.e3g.org**