

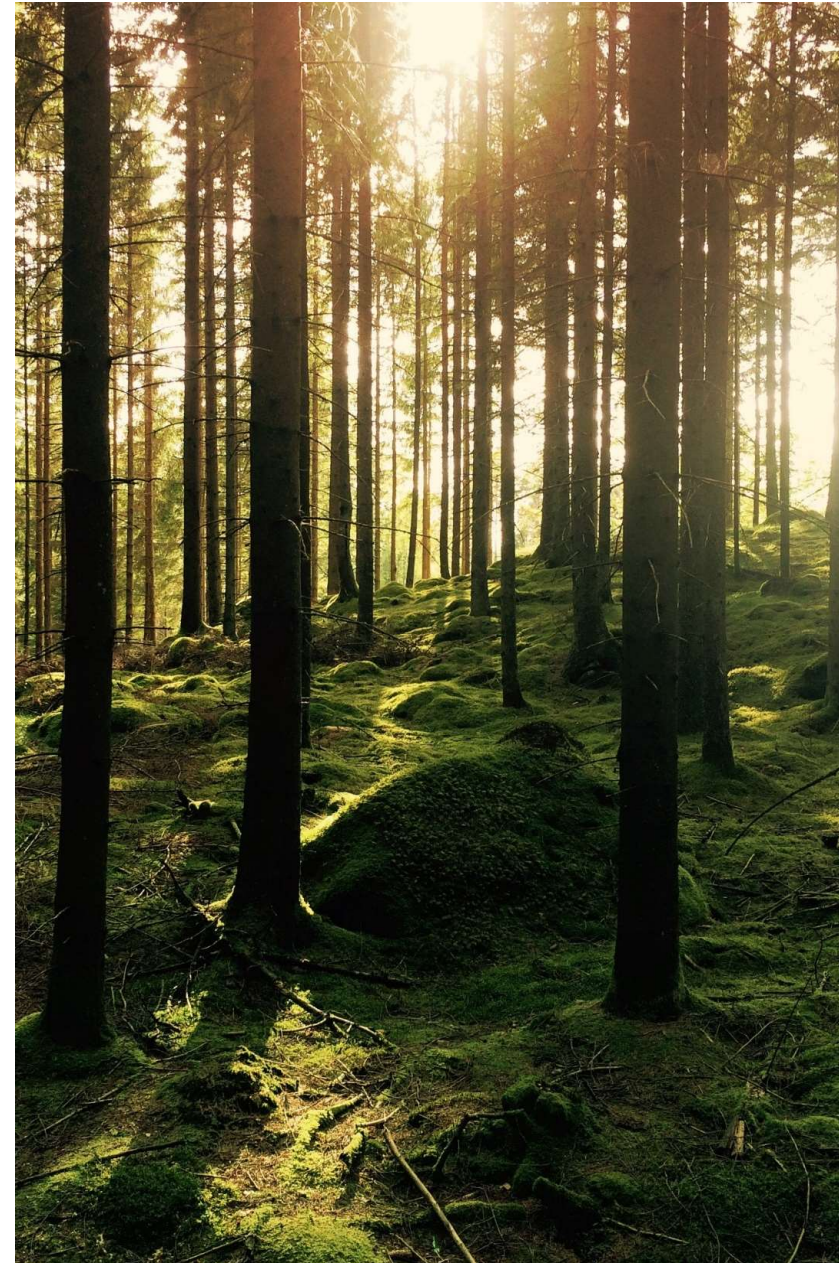


Financial Inclusion and Climate Actions

THE EIB

The bank of the European Union

- Governed by the EU Member States
- Improving lives in Europe and beyond
- One of the world's largest multilateral lenders
- **Leading provider of climate finance**



EIB GROUP TOTAL
FINANCING IN 2023:

€87.85 billion

GREEN FINANCING:

€49.04 billion

EIB: the EU Climate Bank



All new EIB Group operations are aligned with the Paris Agreement



More than 50% of EIB financing goes to climate action and environmental sustainability by 2025



EIB Group to support €1 trillion in investment for climate action and environmental sustainability by 2030

**GREEN INVESTMENT
SUPPORTED:**
progress since 2021

€349
billion

towards **€1**
trillion target by
2030



Priority sectors as the Climate Bank



Energy Efficiency



Renewable Energy



Adaptation and Mitigation



Water and sanitation



Sustainable transport



Agriculture and reforestation



Green bonds

Through support to the
public and private sector

...

from financing big
infrastructure projects to
financing **small scale**
autonomous **climate**
actions of MSMEs through
financial inclusion

MSMEs Financial Inclusion: Policy Priorities

Policy Objectives:

Job creation, inclusive economic growth,
poverty alleviation

Social Inclusion:
women economic empowerment, youth, refugees,
people in remote areas, smallholder farmers

Climate Financing: mitigation and
adaptation

Integration of climate – social perspective



Socially inclusive climate actions strengthen climate and environmental outcomes



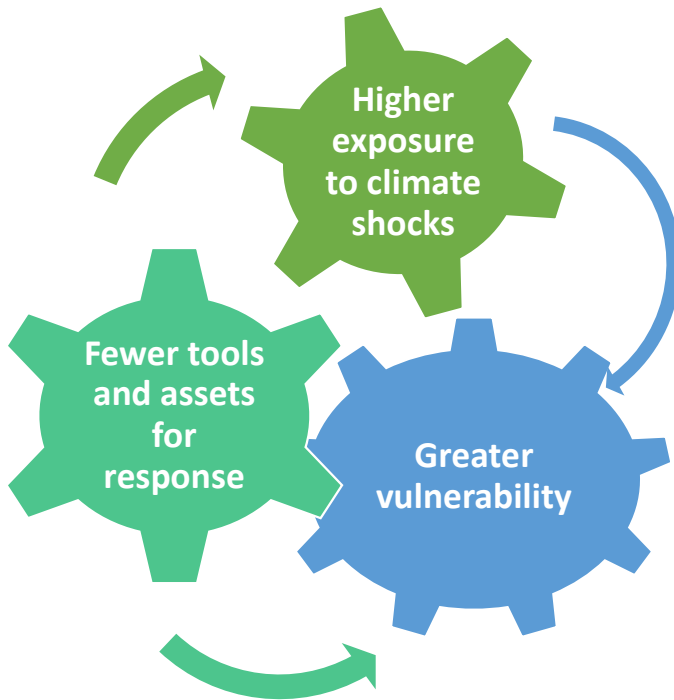
Support the green and fair transition: **advance gender equality and build resilience** of those most affected by climate change



There will be no transition if it is not a **just transition**

Why an integrated approach of climate – social inclusion is needed?

Vulnerable groups have:



Common coping strategies/
inefficient resilience:

- Selling productive assets (land, animals, tools, etc.)
- Borrowing from relative and neighbours (limited possibility when the whole community is affected)
- Eating less (mostly women)
- Taking children (mostly girls) out of school
- Reducing health expenditure



Climate shocks grow in severity and frequency.
Consecutive shocks weaken the coping capabilities

The gender - climate nexus

It enhances sustainable financial returns and helps us to deliver faster on climate and social goals



Companies with improved gender diversity on boards are **more likely** than those without to **reduce the intensity of energy consumption, GHG emissions and water use** respectively



Frontier Markets found that their **sales of off-grid solar solutions increased by 30%** when they started to engage women in the supply chain, as sales agents and target female customers



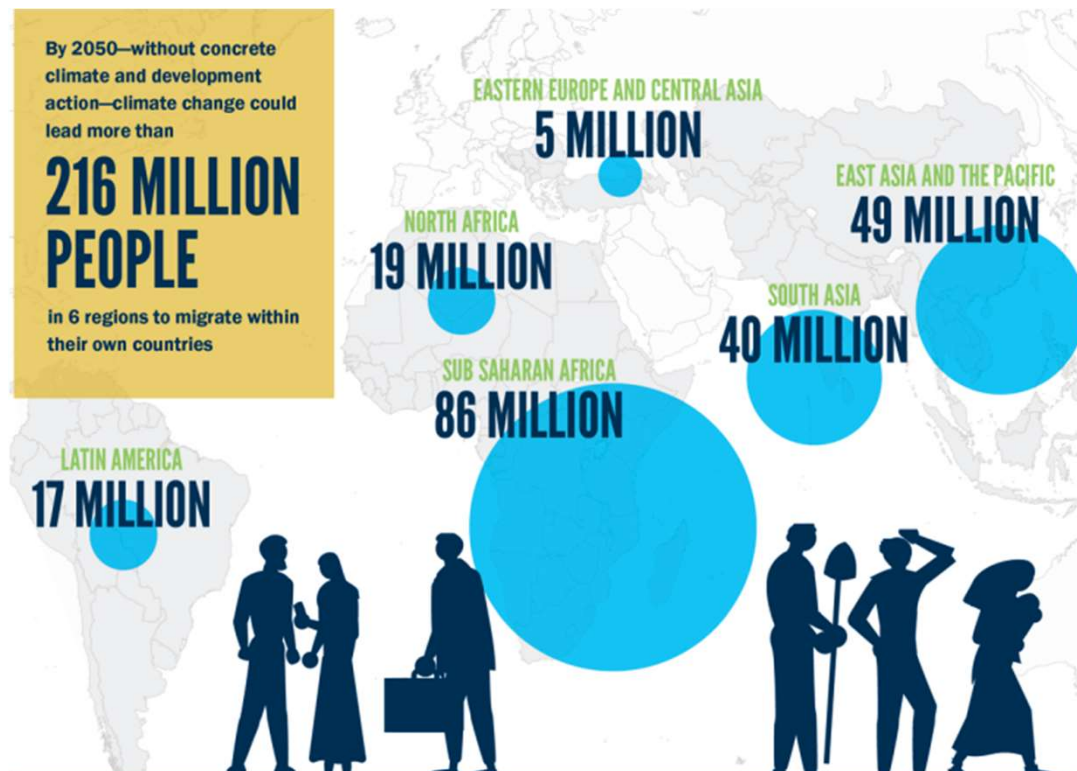
Women entrepreneurs are **more likely to start sustainability focused businesses** while female entrepreneurs face a **USD 1.7 trillion credit gap** worldwide – a missed market opportunity.



Many women and girls bear unequal climate burdens. **Opportunity to tackle gender inequalities through climate actions** e.g. related to food security, energy poverty, water access, indoor air pollution and disaster risk resilience.

The climate - migration nexus

Projected internal climate migration 2050



But more inclusive development could cut this by 50 million

And stronger climate action could cut this by 100 million

Access to Finance as an enabler of effective climate mitigation and adaptation strategies

Market reality:

- Plain-vanilla financial inclusion does not automatically bolster climate resilience: business cases are harder to build for climate actions than for traditional microfinance lending
- Little product innovation due to combination of low priority on climate, high complexity, and a lack of climate expertise within the FIs

Market needs:



Targeted climate financing to microfinance providers

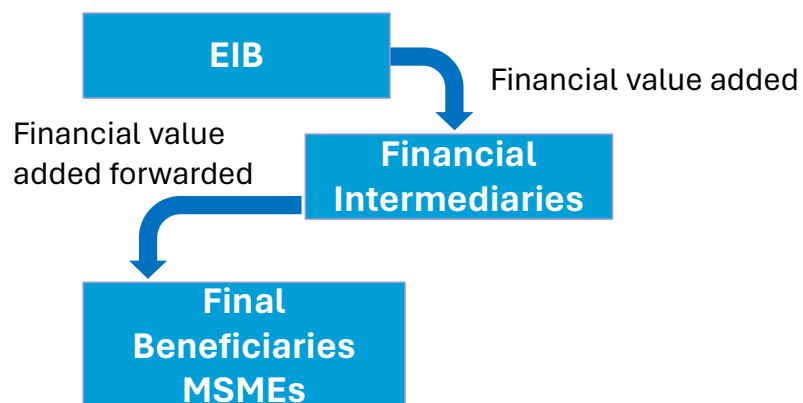


Support to FIs for product development and testing (tailored and adapted to specific countries/ regions/ environment)

Targeted climate financing to FIs: Key elements

Green Loan for MSMEs

The EIB provides targeted funding to financial intermediaries committing to on-lend to eligible MSME for climate actions.



EIB green loan to financial intermediaries

- Targeted funding with clearly defined **KPIs**: percentage of the loan allocated to climate actions
- **Longer tenure** (5 to 10 years) to match the longer maturities for the green sub-loans
- **Longer availability period** for reaching the KPIs (covering both implementation and scale up phases)
- Complementary portfolio (x2) - **catalytic effect**
- **Clearly defined and yet simple climate eligibility criteria**

Green Eligibility Criteria

Broad project scope under the Climate Action and Environmental Sustainability Framework



- Water and sanitation financing (WASH)
- Energy efficiency in buildings: building improvement, insulation measures, air conditioner, boiler replacement
- Energy efficiency in machinery and equipment: replacement of fridge, machinery, clean cookstoves
- Agriculture: solar-powered irrigation, updates to irrigation system, crop switching, rainwater harvesting, greenhouse refurbishment, tractor replacement
- Small scale renewables: rooftop PVs, solar thermal hot water systems
- Transportation: Electric vehicles

Support for green product development

Vulnerable groups need:

Access to finance

- to support their autonomous climate adaptation or mitigation actions

Access to green products

- Companies providing low-cost solar panels, solar cookers, resilient seeds, irrigation solutions, electric vehicles, etc.

Insurance products

- To protect against adverse climate events



Holistic support to FIs:

Targeted Climate Funding

Technical Assistance

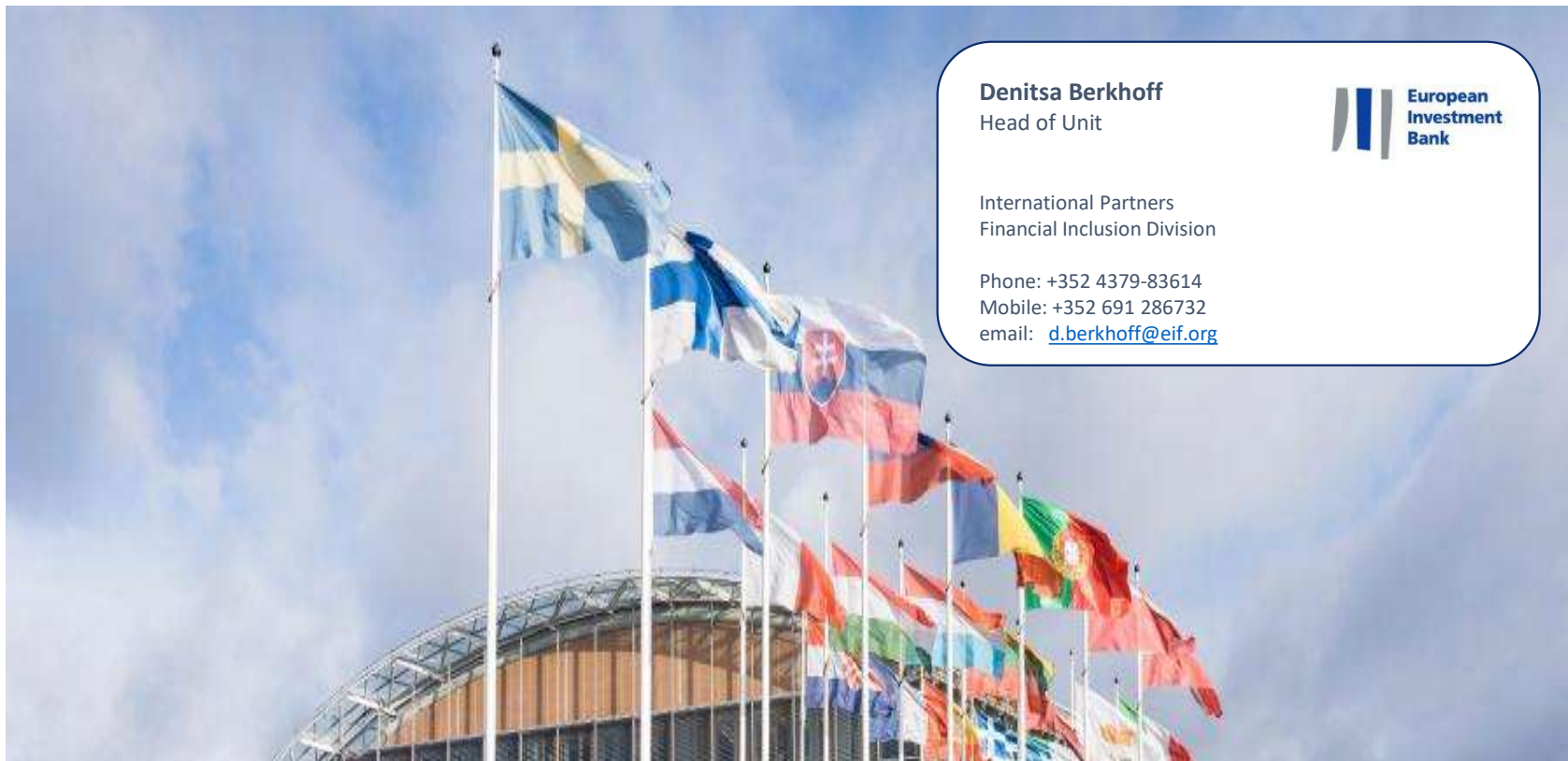
Risk Sharing/
Portfolio protection



Partnerships

between DFIs, donors, government, private investors, consultants, etc.

Contacts



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