

P.R.I.M.E. Finance

Panel of Recognized International Market Experts in Finance



Climate Change and Sustainable Finance

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The European Green Deal

- Communication from the EU Commission, 11 December 2019
- Growth Strategy with the aim of transforming the EU into a fair and prosperous society where there are no net emissions of greenhouse gases in 2050 and where economic growth is decoupled from resource use
- A just and inclusive transition
- Will require massive public investment
- Communication presents an initial roadmap of the key policies and measures needed to achieve the European Green Deal
- An integral part of the Commission's Strategy to implement the UN's 2030 Agenda and the Sustainable Development Goals



A new set of deeply transformative policies

- A new Climate Law to be proposed by March 2020
 - will enshrine the 2050 climate neutrality objective in law
- By summer 2020, Commission will present plan to increase EU's greenhouse gas emissions reduction target for 2030 to at least 50% compared to 1990 levels
- By June 2021 all climate related policy instruments to be reviewed and revisions proposed, including changes to Emissions Trading System, its possible extension to new sectors and regulation of land and land use
 - reforms to help ensure effective carbon pricing
 - if required, a carbon border adjustment mechanism for selected sectors to reduce risk of carbon leakage
 - data to be made accessible to allow integration of climate change into risk management practice



Clean, affordable and secure energy

- Power sector based largely on renewable sources to be developed
- Complemented by rapid phasing out of coal and decarbonising gas
- But EU's energy supply needs to be secure and affordable for consumers and businesses
- Risk of energy poverty to be addressed
 - effective programmes, such as financing schemes for households to renovate homes
- Smart infrastructure to be fostered
 - smart grids, hydrogen networks, carbon capture, storage and utilisation and energy storage



New EU Industrial strategy

- In March 2020 Commission to adopt an EU industrial Strategy to address green and digital transformation
 - Digital transformation to be leveraged to help deliver Green Deal objectives
 - Decarbonisation of steel, chemicals and cement
 - Circular economy action plan focusing in particular on textiles, construction, electronics and plastics
 - Need for a “right to repair” to be analysed
- Access to resources recognised as a strategic security question for ambition to deliver Green Deal
- From “Farm to Fork” – a fair, healthy and environmentally friendly food system



Pursuing green finance and investment and ensuring a just transition

- Achieving ambition will give rise to significant investment needs
 - current 2030 targets will require Euro 260 billion of additional annual investment
- European Green Deal Investment Plan and Just Transition Mechanism published on 14 January 2020
 - financing to mobilise at least Euro 1 trillion of sustainable investments over next decade
 - key role to be played by European Investment Bank
- Just Transition Mechanism: tool to ensure transition to climate neutral economy happens in a fair way, “leaving no one behind”
 - targeted support to help mobilise at least Euro 100 billion over 2021-2027 in the most affected regions to alleviate socio-economic impact of the transition



A Green Oath: “Do no harm”

- Better regulation to help achieve a successful and just transition
 - impact assessments
 - public consultations
 - evaluation of coherence between current legislation and new priorities
- Objective to ensure that all Green Deal initiatives achieve their objectives in most effective and least burdensome way
- All other EU initiatives to live up to green oath to do no harm



European Climate Pact

- Commission will launch European Climate Pact by March 2020 to focus on ways to engage with the public on climate action
- Commission and Member States must ensure that policies and legislation are enforced and delivered effectively
- Commission will consider revising Aarhus Regulation to improve access to administrative and judicial review of EU level for citizens and NGOs who have concerns about the legality of decisions with effects on the environment
 - Commission will also take action to improve access to justice before national courts in all Member States
 - Commission will promote action by the EU, Member States and “the international community” to step up efforts against environmental crime

