

EIB and the Circular Economy post Covid-19

EIB - The bank of European Union

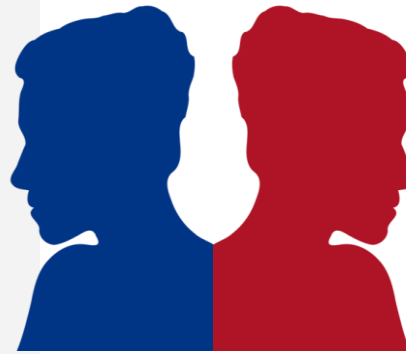
Ljubljana, 21st May 2020

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The European Investment Bank – a publicly owned Bank - is:

A public institution

- The EU Bank: non-profit institution which cooperates with other EU Institutions.
- Strong collaboration with the European Commission (blending/ advisory/ EFSI)
- Invests into projects that contribute to EU policy objectives



A Bank

- AAA-rated
- Independent in borrowing and lending decisions
- Invests in technically sound and financially viable projects
- We work in the market with other investors (crowding-in)

EIB as the “Climate Bank”

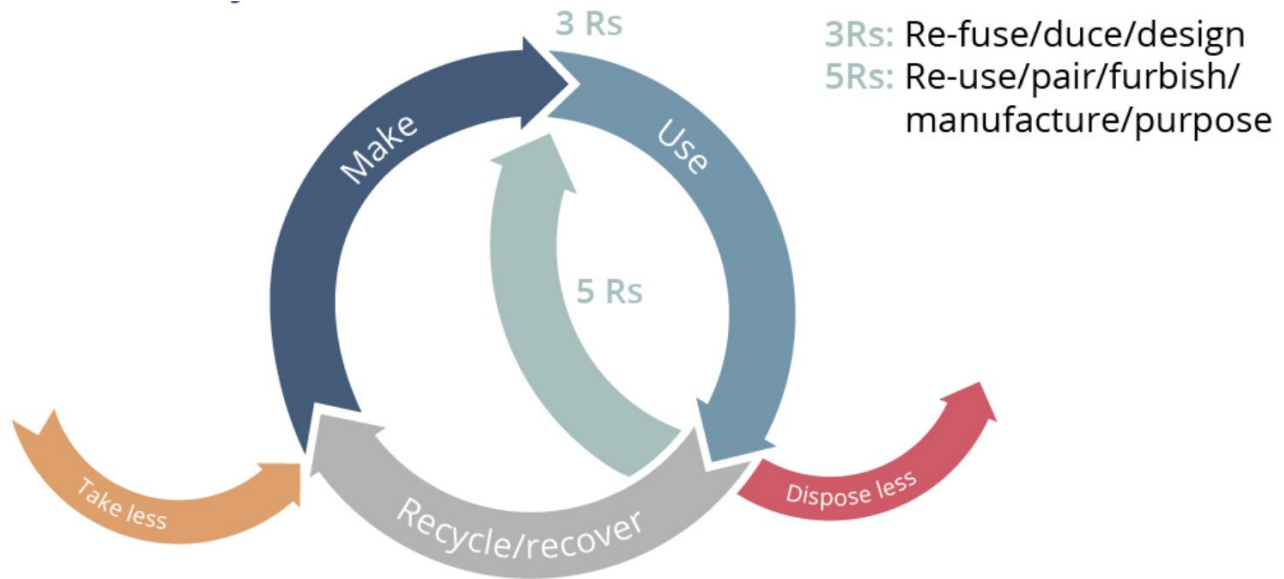
- ▶ EIB’s increased ambitions:
 - ▶ **50% target** for our annual financing dedicated to climate & environmental goals by 2025.
 - ▶ Grow sustainable finance investments to **1 trillion by 2030** – supporting climate adaptation and resilience.
 - ▶ Align *all EIB financing* to principles and goals of the **Paris Agreement** by end 2020:
 - ▶ Phase out projects depending on fossil fuels
 - ▶ Contribute to “Just” transition.
- ▶ EIB as an incubator for climate finance and expertise
 - ▶ to mobilize other resources in our societies and economies, for a low carbon future.

EIB and the Circular Economy

Supporting transition from a linear ...



...to a circular economy:



Circular Economy projects – typical features

Efficient and sustainable resource use

- Reducing inputs of virgin/hazardous materials
- Increasing inputs of secondary materials;
- Closure of material loops
- Reducing waste generation in production and consumption

Extended life of assets and products

- Reuse, repair and remanufacturing
- New sharing/service models

Recovery of resources from waste-/water and by-products

- Collection and refinement of secondary raw materials
- Recovering value from bio-waste, by-products and wastewater
- Reusing waste water
- Reducing disposal of recyclable waste

Financing a circular economy

Promoters and projects come in different shapes and forms:

- **business model:** traditional “closing loop models” (increase quality or quantity of recycling); new material streams / technologies; new leasing/sharing models.
- **company/project size and maturity:** From R&D implementation and start-ups - to large corporates.
- **risk profile:** Technical risks; market/value chain (feedstock and output) risks; legal and regulatory risks; client risks (contracts).

⇒ **funding needs vary**, from working capital to large-scale debt funding.

⇒ **different financial solutions**, reflecting the business model, project size and maturity, and risk profile of promoter.

Covid-19 crisis & the circular economy

The (potential) impact of the covid-19 economic crisis:

- **Disposable healthcare equipment.** Lots of single-use material used - can this be made more sustainable?
- **Food production chain:** specifically, potential for more resilience and local input (e.g. seasonal workforce).
- **Re-shoring** of industrial value chain, at least partly, in several sectors. Local sourcing leading to increase in quality / quantity of recycled materials?
- **More competition & acceleration of pre-existing trends:** as “marginal”, less efficient companies stop operating, more room for innovative business models.
- **More home deliveries, more packaging:** challenge to make packaging more sustainable (i.e. green at lower cost).
- **Less public transport** (legal requirements or individual preferences). How to nudge people to safely use public transport? Or, more sustainable individual mobility?

The EIB in the Circular Economy



The new **EIB Circular Economy guide** (May 2020) provides information about EIB lending activities & projects examples.

-> Aligned with EU's *Circular Economy Action Plan* (published March 2020)

It is downloadable on the EIB web-site publication section: www.eib.org/circular-economy

Or, on the dedicated EIB CE webpage:
<https://www.eib.org/en/publications/the-eib-in-the-circular-economy-guide>

Thank you for your attention!