



INTPA-NEAR Environment & Climate Week

27-31 March 2023
Brussels, Belgium



Supporting Reforms for a Sustainable Finance Agenda

DG INTPA.E3 – Sustainable Finance Policy

Why is sustainable finance important?

Sustainable Finance is at the heart of the Global Gateway by enabling strong private sector mobilisation



The world is facing multiple crises at the same time, causing a dramatic economic fallout, and putting even more constraints on many countries' fiscal space. In this context, sustainable finance is more important than ever. The financial system needs to play its role to finance the sustainable investments needed by countries and to reach the SDGs and the Paris Agreement, in complement to public funds.

Sustainable finance and environmentally sustainable bonds are part of the solution. Sustainable finance enables countries to access greater private capital from domestic and international investors towards a lasting sustainable recovery and a transition to a sustainable, resilient and fair economy. Building a credible sustainable finance ecosystem is key to unlock the needed financing for infrastructure investments.



The foundations of the EU Sustainable Finance ecosystem



The EU acting together with its Member States, agencies and development finance institutions

To help partner countries to attract greater financing from European capital markets towards sustainable investments, we stand ready to cooperate with partner countries in a number of fields, incl.:

1. **Develop credible Sustainable Finance policies and frameworks** (Sustainable Finance Roadmaps, ESG standards and labels, Green/SDG bond frameworks, Green/sustainable taxonomy, Sustainability-related disclosure, ...)
2. **Share the EU experience and practices** (e.g., comparison between the country's frameworks and the EU ones) and **increase the interoperability between the EU frameworks and MX frameworks** for greater cross border flows of private capital
3. **Promote domestic environmentally sustainable bond markets** through the **Global Green Bond Initiative** (under the lead of EIB and together with EU DFIs)
4. **Increase the visibility** of the countries' sustainable finance efforts in the EU market



Sustainable Finance Advisory Hub to support the development of a conducive environment



We work with partner countries to develop credible sustainable finance frameworks,

- That are suited to national ambitions and priorities while
- Minimizing fragmentation and contributing to interoperability
- by building on best market practices and EU experience where suitable.

Together with public and private stakeholders from partner countries we work on the following areas based on a thorough needs assessment to develop:

- National strategies for the promotion of sustainable finance tailored to country's needs and specificities/ Sustainable Finance Roadmap
- Sustainable/green taxonomy
- ESG disclosure requirements
- ESG standards and labels
- Thematic bonds framework
- Capacity-building for relevant policy makers and market players
- ESG risks' integration within prudential regulation and supervision
- ESG practices, sustainability-related disclosure and risk management frameworks in financial institutions....



The Global Green Bond Initiative

Technical Assistance

In light of their commitment for Net Zero, EU investors are seeking for green investment opportunities beyond the EU to green their portfolio. Green bonds are a key tool to attract private capital from EU institutional investors

Proposed support to develop the green bond market in partner countries

Support the development of the green bond market while ensuring attractiveness for EU investors, covering the entire issuance process among which:

- Green bond framework(s)
- Pipeline of green infrastructure projects
- Anchor investment
- Monitoring and reporting

With the TA we can work together every step of the way in **designing and issuing green bonds** :

- In-depth country green bond market analysis of readiness and needs
- Develop green bond frameworks at country (through voluntary or mandatory guidelines/regulation), issuer or issuance level (e.g. taxonomy, disclosure requirements, ...)
- Identify (environmentally) sustainable and bankable projects
- Ensure that pipeline complies with green criteria/definition in line with your sustainable finance framework (taxonomy, green bond specific criteria)
- Share the EU experience and practices
- Facilitate reporting and monitoring activities
- Provide feedback and revision of draft impact reports
- *In specific cases*, cover additional costs related to the process of issuing green bonds as compared to conventional bonds (incl. for preparation of framework, eligible pipelines, monitoring, reporting and third-party verification)

The Global Green Bond Initiative

Acting as anchor investors

- Under the initiative, **EU DFIs under the lead of the European Investment Bank** will - through a dedicated investment vehicle - make **anchor investments in green bonds** issued by sovereign, sub-sovereigns, government-backed entities, financial and non-financial corporates in EU Partner Countries.
- By buying a **portion** (generally up to [20]%) of a green bond, it will send a **strong signal of confidence to financial market participants** and therefore attract **greater financing** from local and international capital markets and (institutional) investors towards **green (infrastructure) projects** in your Country.
- The initiative will also promote **local currency denominated issuances** to stimulate the local bond market and the participation of local investors.

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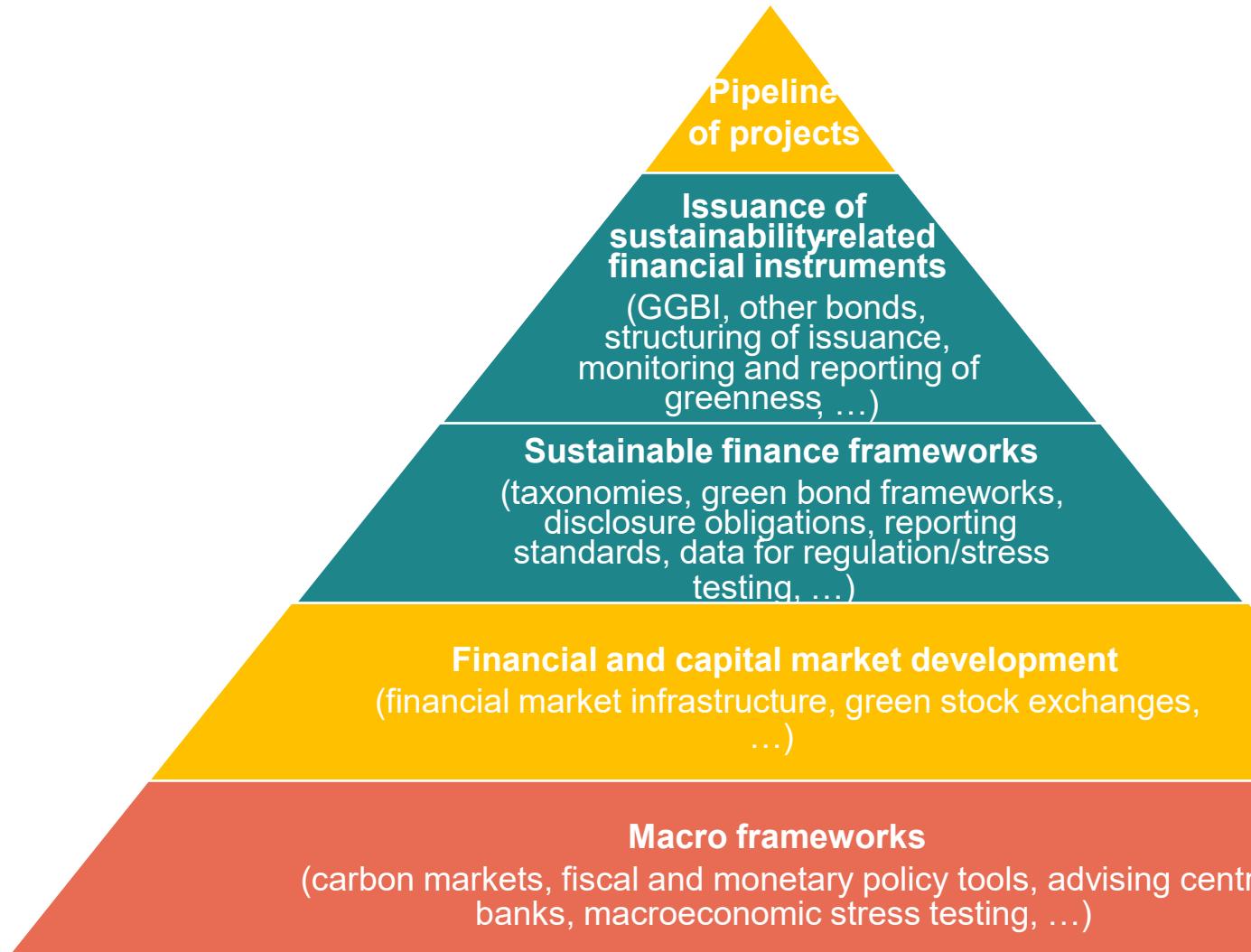
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Thank you!

Supporting Reforms for a Sustainable Finance Agenda

DG NEAR – Javier Menendez Bonilla

Sustainable Finance Pyramid





A holistic approach

1. Building a conducive business environment and regulatory ecosystem

- Main focus: Development of Financial and Capital Markets
- Access to market and supply chain integration

How do we provide support ?

- Policy dialogue and Capacity building on strategic needs
- Regional Programs and Bilateral aid (under NDICI, IPA)



**Economic Reform Programmes
(Enlargement countries)**

**SwitchMed
(Southern Neighborhood)**

**Structural Reform Facility
(Eastern Partnership)**

A holistic approach

2. Mobilising sustainable investments

- Aligning our instruments and programmes with the sustainable finance tools/agenda (e.g. Taxonomy)
 - Fostering **innovation** for green projects through support to business and research (budget support, grants, TA, Union programs,...)
 - **EFSD+** and **EIPs** for the promotion of public and private investments in sustainable areas
 - Global Facilities

Economic Investment Plans (EIPs)
Flagships

EFSD+

Trade and Private Sector Development and Employability Facility (TPSDE);
Switch2Green;
Sustainable Finance Advisory Hub

High-Level Expert Group on scaling up Sustainable Finance in LMICs

Thank you!
