

Distinguished delegates,

Ladies and Gentlemen,

It is a pleasure to join you for the 3rd GREEN Task Force meeting and even a greater pleasure to do it here, in my home town of Bratislava. Both the time and place of this annual gathering are very opportune. The timing; because we are all preparing for the COP24 in Katowice so now is the time to take stock and ensure we are on the same page.

The location is opportune because indeed different countries and regions are facing different challenges and opportunities in their own energy transition process. The Paris Agreement made in history by binding together for the first time all countries; rich and poor into joint climate action. But in order to make the transition work we need to make sure that we tailor solutions to the needs of different countries, rather than attempt generic ones. That is why your focus on Eastern Europe, the Caucus and Central Asia as so important.

Let me start with the part of this region, which I know best because it is where I come from and is, of course, part of the European Union: Central and Eastern Europe. As part of our work on the Energy Union, we recognised the specific challenges but also tremendous opportunities of the energy transition for these countries. For example the great potential to increase energy efficiency in buildings. It is quite ironic that the regions with the highest energy poverty are often where energy efficiency is low. By repairing buildings we could gain a triple win: improve the quality of life of the residents who would live in properly isolated homes, allow them to spend less money on energy and hence emit less CO<sub>2</sub> into the atmosphere. There's a 4<sup>th</sup> win: investing in energy efficiency also has a tremendous positive impact on the economy. In a country like Serbia, for example, advancing energy efficiency would create 15 000 to 30 000 more jobs.

One of the main public sector financing sources at the EU level is Cohesion Policy, which includes around €40 billion for the low-carbon economy, out of which €16 to €18 billion are allocated to energy efficiency projects in public, residential, and commercial buildings.

We have two EU co-financed financial instruments specifically targeting energy efficiency projects: the European Energy Efficiency Fund (EEEF) managed by Deutsche Bank which invests directly into projects, and the Private Finance for Energy Efficiency (PF4EE), which combines lending from the EIB to financial intermediaries with protection against losses associated with their energy efficiency lending activities.

Let me assure you that our financial investment in the energy transition is not going to diminish. It will only increase. We have recently presented our proposed EU budget for 2021-

2027 where a quarter of the budget will be climate-mainstreamed. That means 60 billion more euros! Politically, it wasn't easy to reach such an ambitious target but I encourage you to try the same exercise in your own public budgets. An agreed threshold makes it easier to commit more action later down the line.

Another way to trigger public green investment is sometimes as simple as changing the way we perceive and calculate expenditure. It turned out, for example, that our Energy Performance Contracts were severely hindering the development of that market in some Member States. That is why the EU Statistical Office, called Eurostat, published new guidance, which we hope, will have a real impact on public authorities' decisions across the continent, perhaps inspiring others around the world.

When it comes to the Energy Community countries, both inside and outside the EU, large amounts are being committed to energy efficiency by International Financial Institutions, such as the European Bank for Reconstruction and Development, the European Investment Bank (EIB), the World Bank and Germany's public investment bank. These are becoming more and more engaged in providing affordable lending terms to large scale energy efficiency.

National governments have also an important role to play here. In Bulgaria, for instance, the Energy Efficiency and Renewable Sources Fund offers to companies, municipalities and private individuals attractive financial conditions for energy efficiency projects. These include credit at low interest rates, partial credit guarantees or portfolio guarantees.

Yet, public budgets will never be enough. Our goal is therefore to use public resources in the best possible way to boost private energy efficiency investments. Only through cooperation with the private sector can we achieve the volume that we need to reach our energy efficiency objectives.

Here the European Fund for Strategic Investments (EFSI) can play a major role! It is unlocking public and private investments in the real economy of €315 billion over the course of three years through leveraging and risk mitigation.

Let me assure you that the private sector is keen to invest. I regularly meet large pension and investment funds interested in climate-friendly long-term investment. What they need is a stable regulatory framework, a confirmed business case, and means to decrease their perceived risk of investing in energy efficiency across Europe.

Ladies and Gentlemen,

Energy efficiency is of course only one piece in this puzzle. The implications of the energy transition are far and wide, and require significant investment. I am not naïve and I fully

recognise that for some regions this will be more difficult than for others. These are typically the ones whose economy is strongly based on coal mining. That is why we are working tirelessly to prescribe solutions for these regions who will need to reinvent themselves, reshape their economies and reskill a major part of their labour forces. Here again, I am convinced that this is not only a liability but also a huge opportunity, a wake up call, for regions to prepare themselves for the future.

One of our initiatives on this front is the Platform on Coal Regions in Transition to help develop projects with the potential to kick-start a viable economic and technological transformation. The platform provides opportunities for national, regional and local representatives and EU staff to discuss how these regions can best modernise their economies. It is facilitating the development of long-term strategies to boost the clean energy transition by bringing more focus on social fairness, new skills and financing for the real economy.

Project initiatives may include building geothermal and hydro energy plants in former coal mines, investing in e-mobility, digitalisation and data centres, creating innovation parks, forming local energy communities, and developing tourism and agricultural activities.

We invest EU funds in such projects in order to smoothen and ease the transition. In the end our success will depend not only by the richest countries and their pace of transition but also by the poorer ones and their ability to catch up.

Ladies and Gentlemen,

So far I have spoken mostly about the eastern part of the European Union. But as I often say, the Energy Union, which I am in charge of, is an outward looking project which builds bridges with our neighbours, especially to the east. We are therefore looking at a wide range of opportunities in which we can create synergies and cooperation on the energy transition with our partners in the Caucasus and Central Asia. We see it as mutually beneficial for Europe to reach out to the rest of the world and make other countries learn from our experience, from our mistakes, from lessons we wish we knew decades ago about the environmental and climate impact of our industrialisation.

One example for that is the Eastern Partnership whose declaration we adopted last year. The Partnership includes dialogue on sustainable finance in the connectivity sector and will continue this dialogue in the years to come.

A few days ago, at the Second Eastern Partnership Ministerial Meeting on Environment and Climate Change we went further in reaffirming our shared commitment towards these goals.

We covered issues like: greening structural reforms, removing environmentally harmful subsidies, improving investment planning, and promoting measures in support of energy efficiency. This is already done in the European Union as part of the European Semester.

We have seen the results of such high level energy dialogues with countries like Ukraine where an Energy Efficiency Fund for residential buildings was established. The initiative covers Georgia and will be rolled out to Armenia as well.

Let me stress that our engagement with our neighbourhood are not only about exchanging ideas and practices but we also stand ready to help with investment. That is why the energy transition and the environment remain priority areas under the Neighbourhood Investment Platform and a key focus of the multi-donor Eastern Europe Energy Efficiency and Environment Partnership (E5P). Investments grants for over EUR 300 million were provided through these instruments.

These are few examples out of many on which the EU is working in your region. However, all these projects and programmes will only effect real change if your governments are determined to further reform. The biggest issue is sustainable financing and reforming the financial infrastructure in order to enable substantial investments.

Ladies and Gentlemen,

Let me conclude by saying that while the EU sees itself as a global climate action leader, our work in Europe is far from being finished.

In fact, we are in the midst of preparing a Long Term Strategy carbon emissions strategy to reach by 2050, which we will present in Katowice in December. In the scope of thinking about the decades ahead, let me assure you that Energy transition and greener growth are central goals in the European Union's cooperation with Eastern partners. It is an efficient way to address not only climate and economic challenges, but also energy security concerns.

But I am turning back to you, members of the GREEN Action Task Force and the OECD at large. I am counting on you to play your part and to come up with new ideas and concrete proposals. My colleagues and I are looking forward to see your Work Programme and budget of the Green Action Task Force for 2019-2020. I am sure this will inspire us for further exchanges of best practices and ideas.

On this note, I wish us all an excellent conference and I am looking forward to continuing this inter-institutional dialogue soon.

Thank you.