

Time for the European Investment Bank to deliver on its climate commitments

In November 2019, the European Investment Bank (EIB) committed to align all its operations with the objectives of the Paris Agreement by the end of 2020 and step up its climate and environmental sustainability lending to become the “EU Climate Bank”.



Following substantial progress with the adoption of an energy policy ruling out most fossil fuels support, the EIB has gained significant credit for its efforts in the fight against climate change. Still, the EIB has yet to deliver on its climate commitments. With the creation of its Climate Roadmap in 2020, the bank has a golden opportunity to adopt a solid strategy which would set in stone its long-term role in steering our economies on a more sustainable path.

If the right actions are taken, the EIB can become the first public bank to truly align with the Paris Agreement, and set an example for other financial institutions.

This transformation into the “EU Climate Bank” is all the more important considering **the EIB will play a flagship role under the EU economic recovery package following the Covid-19 crisis** and its dreadful economic consequences. The EIB has already released a € 40 billion emergency package to confront the crisis. In parallel, the bank will expand its activities with € 200 billion of new operations backed by the creation of a €25 billion guarantee fund provisioned by EU Member States.

Given the long-term perspective of EIB loans and operations, the economic response to the Covid-19 crisis must be complementary to the efforts to steer the European economy into a more sustainable and fairer path.

EIB as “EU Climate Bank”

Several key political figures across Europe, from French President Emmanuel Macron to the European Commission’s President Ursula Von der Leyen, promised during the campaign for the May 2019 European elections to transform the EIB into the “EU Climate Bank” in order to strengthen climate investments across Europe.

Partly as a result of this political push, the EIB is currently trying to position itself as the “EU Climate Bank”, taking a new level of ambition towards climate action and sustainability.

What is the EIB Climate Bank Roadmap 2021-2025?

In November 2019, the EIB Board of Directors took the following [commitments](#):

- >>> Unlock \$ 1.1 trillion of climate and environmental investments until 2030;
- >>> Allocate at least 50% of EIB finance to climate and environmental sustainability by 2025;
- >>> By the end of 2020, align all its financing activities with the goals of the Paris Agreement.

The EIB is now developing its Climate Bank Roadmap 2021-2025 to guide this transition. In March 2020, the bank launched a [public consultation](#) on the matter. The Roadmap is to be approved in September-October 2020.

Our group of civil society organisations is involved in this process to make sure the bank moves forward on its commitments.

The time for change is now

There is no more time to lose if we want to avoid climate breakdown. According to the most recent UN Emissions Gap report, countries would need to reduce emissions by 7.6% a year to meet the 1.5°C target. Yet, emissions worldwide have been increasing by 1.5% per year in the last decade.

As flagged in an [open letter](#) sent by 11 NGOs to the EIB President Werner Hoyer at the end of April, we think that there is no inherent incompatibility between the EIB climate commitments and its future role in the European economic recovery. Civil society organisations, think-tanks, academics and policymakers from all around the world have similarly been calling for green recovery plans to deal with the COVID-19’s impacts and simultaneously deliver a more just and sustainable future¹.

How can the EIB become a leader in the fight against climate change?

The Climate Roadmap should spell out under solid action plans the concrete steps needed to align EIB operations with the Paris Agreement and raise its climate and sustainable investments to at least 50% by 2025. The EIB needs to align all its operations with a 1.5°C scenario, instead of 2°C as used in the current strategy.

¹ See for instance:

<https://www.reuters.com/article/us-health-coronavirus-economy/green-recovery-can-revive-virus-hit-economies-and-tackle-climate-change-study-says-idUSKBN22G2Z7>

<https://www.euractiv.com/section/energy-environment/opinion/which-world-do-we-want-after-covid-19/>

<https://www.europarl.europa.eu/news/en/headlines/society/20200429STO78172/covid-19-eu-recovery-plan-should-include-climate-crisis-action>

<https://www.un.org/en/un-coronavirus-communications-team/un-urges-countries-%E2%80%98build-back-better%E2%80%99>

All EIB operations, including recovery plans, must avoid pursuing business as usual and secure greater investment in a carbon-neutral economy. The bank should put the Green Deal and the Just Transition at the heart of its investments in the next decade. Priority should be given to investments in energy efficiency, building renovation, decentralized renewable energy sources, circular economy and other forms of infrastructures that are connected to the needs of European citizens.

The State of Play: The EIB not yet a climate bank

As of today, the EIB still supports numerous environmentally and socially detrimental projects, especially in the energy and transport sectors.

Therefore, the EIB should adopt and implement Paris-aligned sectoral policies, particularly in high-carbon sectors such as transport, industry, waste management, forestry, agriculture and tourism - building in particular on the EU Taxonomy.

Remaining loopholes in the Energy Policy

While the EIB energy policy adopted in November 2019 is a key step forward, it nevertheless contains three important exceptions that could undermine the realisation of its objectives:

- 1) The policy allows the EIB to continue approving projects from the 4th list of 'Projects of Common Interest' until the end of 2021, which contains over 50 new fossil gas projects.
- 2) It enables the financing of new highly-polluting fossil gas infrastructure, on the basis of a vague promise that it will one day transport 'cleaner' gas.
- 3) The current threshold set for power generation remains extremely high and risks allowing gas power plants to receive EIB loans.

Even after the adoption of the new EIB energy policy, loans for fossil fuels projects have been moving forward. For instance, in December 2019 the EIB signed a € 234 million loan for the construction of the Gustorzyn-Wronów pipeline in Poland and the Polish section of the Poland-Slovakia interconnector. Many other projects are still under appraisal, including the construction of a Liquefied Natural Gas project in Cyprus by a Chinese-led consortium.

This is particularly problematic as adding any new gas projects risks locking us into this damaging fossil fuel for decades to come. There is furthermore ample evidence that the EU gas infrastructure is more than sufficient to meet demand, even in the event of extreme supply disruption cases².

The EIB also still indirectly supports coal through loans to polluting corporations. Despite having ruled out direct investment for coal in 2013, the bank has since then provided € 4.7 billion to companies with a high share of coal in their portfolios or which planned to develop new coal power capacity at the time of the loans' approvals.

A transport policy in need of radical changes

The EIB Transport Policy is largely outdated and currently enables the financing of polluting and carbon-intensive transport modes and infrastructure projects.

² See: E3G (2020) [Energy Infrastructure for a European Green Deal](#)

Since 2016, the bank has provided more than € 4 billion in loans for the expansion of airports. Just in 2019, the EIB financed airport expansions in Greece, Finland, Germany, the Netherlands, Italy, Ireland and Denmark. Projects currently under appraisal include the **expansion of Terminal 2 of the airport in Nice**, France, a plan which has been heavily opposed by civil society.

The EIB has massively supported roads, highways and motorways with € 10.65 billion over the 2016-2019 period. In 2017, road transport was responsible for almost 72% of the total GHG emissions from transport at the EU level. Furthermore, the EU already has an extremely dense network of motorways and highways, many of which create severe problems of ecosystem fragmentation and disruptions in environmentally protected areas.

The EIB has also spent almost € 3 billion (€ 2.828 billion) in maritime investment from 2016 to 2019. Although often omitted as a polluting transport sector, global shipping accounts for more than 2% of global GHG emissions. The EIB for example recently loaned € 140 million to support the expansion of the Port of Piraeus, Greece's largest port now owned in large parts by the Chinese COSCO Corporation.

If the EIB is serious about becoming the “EU Climate Bank”, it must end its support to such heavily polluting projects and instead prioritize funding for zero-carbon transport modes, such as electric urban public transport, bike lanes and rail electrification.

Putting green conditions on EIB clients for their use of public funds

A key demand flagged by civil society, for example in a joint statement sent to EIB Directors in January 2020, is that the Bank should reinforce its approach to its clients in order to avoid what could, effectively, become blank cheques for highly-polluting activities that are completely misaligned with a 1.5°C scenario. Therefore, the EIB should demonstrate its commitment to the climate by making its support to companies conditional on their producing and implementing Paris-aligned, science-based, time-bound transition plans.

Key sources and references:

- >>> Joint Letter: [NGO letter to EIB President on Covid-19 crisis response](#) (April 2020)
- >>> Policy Brief: [EIB's role in the EU Covid-19 crisis response](#) (Counter Balance, April 2020)
- >>> E3G Report: [Energy Infrastructure for a European Green Deal](#) (March 2020)



Counter Balance is a coalition of 9 NGOs whose mission is to make European public finance a key driver of the transition towards socially and environmentally sustainable and equitable societies. Over the last decade, we have monitored extensively the operations of the EIB and led campaigns to make it a more sustainable, democratic and transparent institution.

More information available at: <http://www.counter-balance.org/>