



16 June 2023

JOINT CIVIL SOCIETY LETTER

HYDROGEN IN THE EIB'S REVIEWED ENERGY LENDING POLICY

Dear Mr. Fayolle, Mr. Östros and Mr. Berndt,

We hope this letter finds you well. We are writing to you regarding the mid-term review of the EIB's Energy Lending Policy. We appreciate that the ban on unabated fossil fuel projects was maintained. However, we are concerned about the disproportionate role of hydrogen in the updated energy policy. We stress the importance of adapting a more cautious approach in the mid-term EIB Climate Bank Roadmap review, to better allocate effective and socially responsible public climate finance both inside and outside Europe. To achieve this, we would like to share with you the recommendations formulated by civil society:

Only hydrogen produced from 100 percent renewable energy – not low-carbon hydrogen or 'hydrogen-ready' solutions – should be able to benefit from EIB funds. Super-sizing infrastructure and feeding the fossil fuel industry through support of fossil gas-based hydrogen should not be supported with a single cent from the public purse. Such finance goes against the 1.5 degree climate target set by the Paris Agreement, locks us into a fossil fuel future, risks piling up stranded assets paid for by taxpayers and promises silver bullet solutions when there is no time to wait and see if they materialise. Additionally, hydrogen made from biomass electricity or other forms of bioenergy must not be classified as green or renewable hydrogen and must not be supported by the EIB due to its [extremely low efficiency and high land footprint](#).

The EIB should not support the creation of a future hydrogen market dependent on public subsidies. [Scientists](#), [parliamentarians](#) and [civil society organisations](#) have been warning that hydrogen produced from renewable energy is unproven, costly, inefficient and unrealistic at a large scale. Staggering amounts of renewable energy, water and critical raw materials are required to produce it. Significant energy losses occur during the electrolysis process, liquification for transport and conversion to ammonia or back into electricity. Gas companies promote the [commercialisation of hydrogen as they want a lifeline for the fossil fuel infrastructure they control](#). Supporting the creation of a hydrogen market - including infrastructure like pipelines, for transport or import and storage projects such as those under the European Hydrogen Backbone initiative - is a bad allocation of public climate finance when there are proven, sustainable, cheaper and more efficient solutions addressing people's energy needs. This is especially worrying as experts warn that [REPowerEU hydrogen targets](#) for domestic production and imports are severely overblown, and go way past developing hydrogen produced from renewable energy to replace fossil-based hydrogen or for hard to decarbonise sectors. The EIB must not waste public finance on solutions that are unsustainable, uncertain, and dependent on governmental subsidies.

The EIB should improve the [PATH Framework](#), and ensure transparent and meaningful environmental, social and human rights impacts assessments. The EIB must close the [loopholes and exceptions in the PATH Framework](#) to end support for fossil fuel companies - key lobbyists for hydrogen and 'hydrogen-ready' infrastructure. It must require credible decarbonisation plans demonstrating alignment with the Paris Agreement for the companies and intermediary institutions benefitting from EIB funds, and make them publicly available. Considering the reported [negative environmental, social and human rights impacts](#) arising from hydrogen and associated renewable energy projects, the EIB must carry out and publish ex-ante environmental, human rights and social impact assessments for all activities it plans to finance. Only investments which demonstrate sustainability and meet environmental, social and human rights standards must be financed if the EIB is serious about its commitments to be a climate bank.

The EIB should develop a hydrogen strategy which defines priority sectors that are essential for a green future. In order to reach the 1.5 degree climate target and stay within planetary boundaries, our consumption and resource use must be reduced. At the same time, a clear hydrogen strategy must be in place at the EIB to ensure that strong additionality, sustainability, efficiency and social criteria guide any hydrogen investments. The strategy must ensure that public resources do not support the [diversion](#) of existing and planned renewable energy capacity away from the electricity grid and towards the production of hydrogen. Any additional renewable energy for hydrogen production must go to replacing essential sectors dependent on fossil-based hydrogen. Beyond that, the EIB should only consider limited, clearly and transparently defined applications of hydrogen, where no alternatives to hydrogen exist and where clear evidence proves sustainability and efficiency. Public finance should prioritise public goods and wellbeing, not growing corporate returns. The EIB must be accountable to taxpayers and be guided by a clear vision of which sectors truly need hydrogen to decarbonise.

EIB Global must fund projects which provide access to renewable energy, promote sustainability and have clear developmental additionality. This means that [hydrogen projects](#) that encroach upon local affordable renewable energy availability, violate human rights and damage the environment must be **categorically rejected**. Projects in countries like Chile and Namibia - under the EU's '[Global Gateway](#)' strategy - already raise serious concerns about the risks of negative environmental, social and economic impacts. To this end, the EIB must develop a strategy for its global branch which includes clear human rights, environmental and social ex-ante impact assessments for all projects and clear development additionality evaluations in line with [demands by CSOs](#).

The EIB is a public bank relying on European taxpayer money to operate and must prioritise socially and environmentally sound and efficient solutions in all of its climate finance. **We urge you to act accordingly and exclude financing of all fossil-based hydrogen, which extends dependence on fossil fuels and its infrastructure.** We ask you to roll out a strategy based on smaller hydrogen projects produced from 100 percent renewable energy fully in line with the recommendations made above. The review of the Climate Bank Roadmap is a good opportunity to do so. In view of democratic participation and accountability, we would appreciate the possibility of exchanging our views in a meeting.

Best regards,
Frank Vanaerschot
Director, Counter Balance
Fossil Free EIB Coalition

SIGNATORIES



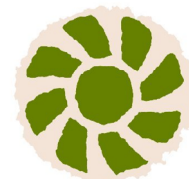
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Arab Watch Coalition



Bankwatch Romania



Biofuelwatch

Biofuelwatch



Both ENDS



Campagna per il Clima Fuori dal Fossile



CEE Bankwatch Network



Climate Action Network (CAN) Europe



Counter Balance



Debt Observatory in Globalisation (ODG)



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Estonian Green Movement



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Jamaa Resource Initiatives



Lumière Synergie pour le Développement



Movimento NoTAP/SNAM Brindisi



NOAH - Friends of the Earth Denmark



Reclaim Finance

SIGNATORIES



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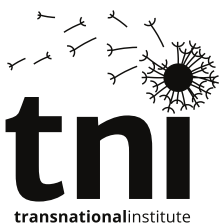
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