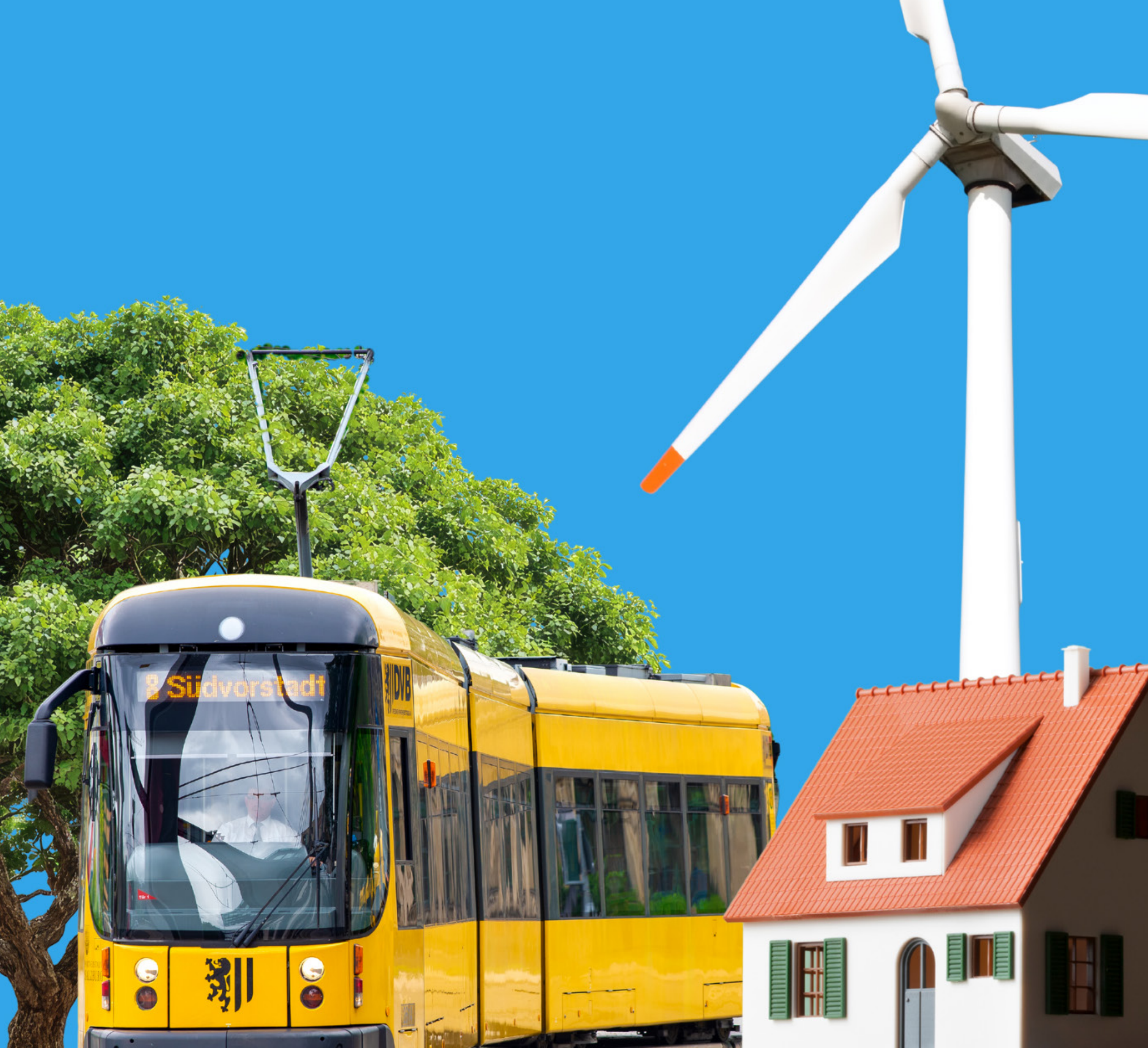
Counter Balance
Challenging Public Investment Banks

Green public services

Reclaiming public investment in clean and affordable housing, energy, and transport for all



JUNE 2026

ABOUT COUNTER BALANCE

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 theoperations of the EIB and led campaigns to make it a more sustainable, democratic and transparent institution.

ACKNOWLEDGEMENTS

Authors: Marilisa Marigliano and Frank Vanaerschot (Counter Balance)

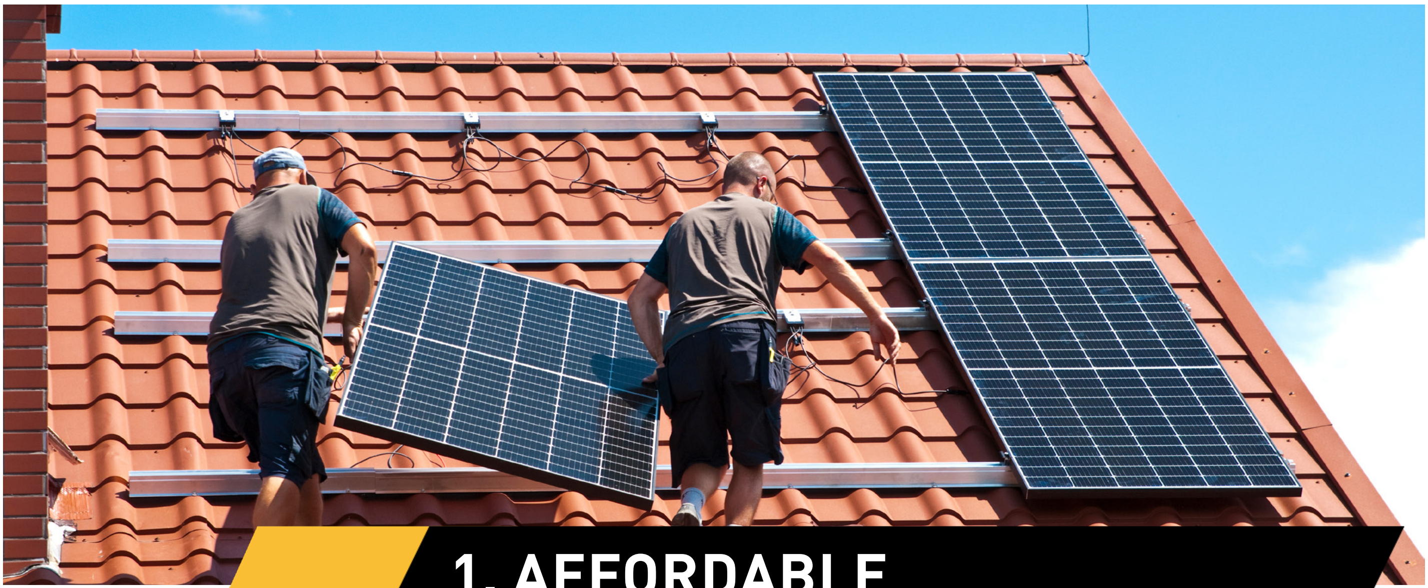
The authors would like to thank Lora Verheecke (Counter Balance), Olivier Vardakoulias (Climate Action Network Europe) and Rodrigo Fernandez for their input and meaningful insights.

GRAPHIC DESIGN

Isabela Franco

COPYEDITING AND PROOFREADING

Liam Foley



1. AFFORDABLE DECARBONISATION IN A TIME OF ENERGY CRISIS

For the second time in less than five years, disruption to international logistical routes has exposed the European Union's over-reliance on fossil fuels. In 2022, the EU missed a chance. The decision to stop importing Russian gas after the invasion of Ukraine offered an opportunity to remodel the European economic engine on the basis of social justice, environmental sustainability, and collective wellbeing. Now, faced with the closure of the Strait of Hormuz, EU decisionmakers are again pursuing an agenda dictated by a narrow-minded view of 'energy security' in which **decarbonisation is downgraded to a secondary priority.**

These **energy crises** unfold against a backdrop in which an increasing number of people in Europe are struggling to secure a decent standard of living, and **access to essential services such as housing, transport, and energy is becoming more precarious.** It is becoming clear that climate change has a very different impact depending on which income group you are in, with the most vulnerable paying the price.

As people need to protect themselves from heatwaves more than ever, energy bills are rising.[1] In the face of climate breakdown, staying healthy has become the privilege of those who can afford to switch on air conditioning in the summer and heating in winter. In 2019, around 30 million Europeans were living in **energy poverty**, which means they were unable to pay for the energy needed to ensure the household's wellbeing and safeguard their health conditions.[2] After the outbreak of the war in Ukraine, energy costs increased by between 33% and 89% across EU member states.[3] Moreover, disposable incomes for low-income households steadily declined in 2022, with up to 80% of income being absorbed by essential needs such as housing, energy, transport, and food in Germany and Italy.[5] The number of people living in energy poverty in the EU is now more than 41 million people.[4]

The 2022–2023 cost-of-living crisis reminded us of the importance of **decent public services that meet the people's needs.** More recently, **'affordability'** has become the buzzword, finding its way into the

Action Plan for Affordable Energy[6] and the European Affordable Housing Plan to name just two.[7] The European Commission's response to the current energy crisis is the AccelerateEU package, in which the social impacts of the energy crisis are widely acknowledged. Moreover, with fossil fuel heating systems commonplace in houses throughout the EU, decarbonisation is rightly presented as a socio-economic imperative.[8] However, in this context, the measures deployed to face the current energy crisis take on a very different significance. **Now, there is a chance for a stronger commitment to both decarbonisation and societal needs at once.**

The Spanish 'green revolution' is leaving the vulnerable behind

In recent years, Spain has been held up as an outstanding example of the 'renewables revolution'.[9] In the context of volatile gas prices, the government's commitment to expand wind and solar power has shielded the country from soaring market prices.

However, according to Eurostat, Spain is still experiencing rampant inequality in terms of access to this essential service. In 2024, around 17.5% of people in Spain were facing energy poverty. At present, Spain ranks fourth in Europe in this regard after Greece, Bulgaria (both at 19%), and Lithuania (18.5%).[10]

If anything, Spain's 'green revolution' is an outstanding example of what happens when climate policies are decoupled from the needs of local communities. While the country is 'protected' from volatile international energy prices, the benefits of the 'revolution' bypass those most in need.

Avoiding climate breakdown and increasing fair, quality, and inclusive access to essential needs should be non-negotiable in our societies. To do this, climate policies must be designed with and provide solutions for local communities and low income households.

1.1. What are green public services and why do we need them?

The quality of people's lives depends on **universal, continued, and affordable access to clean energy, adequate and inclusive transport systems, and safe and dignified housing.** In EU legislation, obligations to ensure access to these basic needs are defined as 'services of general interest' (SGI), which include services that are provided in return for payment, for example, utilities, as well as social services that meet the needs of specific vulnerable groups, such as social housing.[12] In 2021, these essential services were further integrated into EU legislation through the adoption of the European Pillar of Social Rights.[13]

However, the sectors that provide these essential services are also among the most **carbon-heavy** in the EU. If the Paris Agreement's targets are going to be met, thorough decarbonisation of the housing, energy, and transport sectors is urgently required.[14] Thus, in this context of social and environmental crises, public authorities need to view social rights and commitments to fully decarbonise the European economy together. In fact, the interplay between the energy and cost-of-living crises demonstrates that **social and environmental justice cannot be pursued separately.**

To this end, the EU must explicitly target the development and delivery of **'green public services'** and, in line with the political commitments under the SGI and the Pillar of Social Rights, **housing, energy, and transport services must be affordable, accessible, and fully available, and these sectors must be**

decarbonised and environmentally sustainable. Financing the transition means prioritising universal affordable access and quickly reducing greenhouse gas emissions simultaneously.

The SGI legal framework also mandates that these services be delivered whilst ensuring citizens' access to them, which is directly at odds with an economic agenda that routinely favours the supremacy of private capital. In fact, recent evaluations of the implementation of the European Pillar of Social Rights testify how **those bearing the highest costs of the cost-of-living crisis are also the most poor and marginalised.**[15] In other words, financing these needs will also require **governments to prioritise public and not-for-profit entities that operate based on principles of equality, universal access, environmental sustainability, and democracy.**

Examples of initiatives that oppose the privatisation of essential services can be found in Europe and around the world,[16] and a wave of grassroots political initiatives is promoting models of collaboration between local authorities and the communities they serve.[17] The possibility of ownership models opposing the privatisation of local services is also beginning to gain traction in European institutions, which acknowledge that collective ownership and community investment promote local engagement and participation and have clear social benefits, including for marginalised and vulnerable groups.[18]

1.2. Reclaiming public investment into green public services

Public support is essential when facing the social impacts of the energy crisis. Even more so in light of the underinvestment into the European social infrastructure in recent years, in which the gap is estimated to be up to €170 billion per year between 2018 and 2030.[19] Fiscal rules are being debated with a view to allow more short-term public spending and targeted relief measures for households and businesses,[20] yet AccelerateEU bears witness to the myth that private investment will compensate for these gaps.

In fact, evidence has been piling up showing that **private finance is unwilling to undertake the investments that are urgently needed to decarbonise at the right pace to meet the targets of the Paris agreement.** Consultancy firms — the spokespeople of financial capital and authoritative voices within the European political elite — give a clear sense of the red line that private investors are unwilling to cross. McKinsey estimates that around half of the investments the EU needs to decarbonise the building, transport, and utilities sectors by 2050 and up to 85% of the energy-related investment needs in the building sector are considered 'non-commercially viable'.[21] For private finance, when it comes to crucial climate investments into essential services, the profit viability red line is final.

However, **'commercial viability' is a loose term.** It can mean that an investment will be loss-making, but it can also mean that an investment will generate moderate revenue over a longer time span, such as housing renovations for low-income families. In these cases, they cannot pay a renovation loan at market rates, but if they had access to a loan with a very low interest rate and long repayment period, the energy efficiency gains from the renovation would easily justify the loan. Such projects are economically viable but do not meet the high, short-term profit expectations of private investors despite the social and environmental benefits.[22] This key nuance gets lost in the process. As economic historian Adam Tooze states, McKinsey's position on commercial viability is highly 'performative' — it leaves it up to policy makers and public investors, who are focused on projects that can be made 'commercially viable' rather than looking to finance economically viable projects with high environmental and social benefits.[23]

McKinsey's suggestion is for public investors to step in to re-orientate private capital via derisking. Public banks, such as the European Investment Bank (EIB) Group, are being called upon to intervene into the market, but not as credit institutions, instead as a means to leverage further private investment. A recent analysis of the European Central Bank crystalised this idea — that public banks can only play a limited role in the green transition, a role centred on derisking private projects and reducing financing costs for private borrowers.[24]

InvestEU — the main guarantee scheme in the current EU budget — shows that such a **commercial and short-term profitability lens fails to raise sufficient investments in social infrastructure.**[25] However, if turning a high profit for private investors remains the 'off-the-shelf' solution, an increasingly large proportion of the EU's population will be unable to access transport, adequately heat or cool their homes, and, in the worst cases, afford a roof over their heads.

Challenging the neoliberal consensus on the EIB Group's (and other public investors') limited role in the green transition is made even more necessary by the inequalities sweeping across the EU. Nowhere is this situation illustrated better than in **Spain**, where **record investment in renewables is combined with high levels of energy poverty.** This year, in response to the energy crisis, seven multilateral development banks committed to supporting vulnerable populations and preserving access to essential goods, but no mention was made of **affordability for those most affected by the cost-of-living crisis**.[26] Put simply, in the context of recurring energy and cost-of-living crises, investments into the transition must also make basic services more affordable and democratically available.

2. BENEFITTING PEOPLE AND THE PLANET: THE POTENTIAL OF THE EU CLIMATE BANK

Public banks are not merely capable of plugging investment gaps.[27] The broad equity they use, which allows them to borrow very cheaply, is tax payer money. Thus, they are mandated to **pursue public policy objectives**, are governed by public officials, and formally operate on a not-for-profit basis. Their mission is delimited by their statute.

The **EIB Group's** statutory mandate is to **promote economic, social, and territorial cohesion.**[28] In fact, the EIB Group's core and historical mission is to target investments into poorer regions to reduce existing disparities across the European economy. As the Bank itself claims, fulfilling this mandate in the face of climate breakdown also means prioritising local economies that need more public funding to decarbonise as well as the regions most affected by climate change.[29] At times of extensive budget cuts in agriculture, sustainability, and cohesion across Europe, this is even more crucial. With this in mind, a group of 16 member states, known under the name Friends of Cohesion, have adopted a Declaration on the next Multiannual Financial Framework, calling for joint borrowing to finance investments into European Public Goods.[30] **The EIB is currently reviewing its cohesion policy for 2028-2034**, which makes is a crucial opportunity to take steps in the right direction.

The EIB Group can substantially contribute to this. Over the years, it has accumulated substantial profits, which can provide vital support for projects that deliver **green public services.** A recent analysis of the Bank's financial performance estimates that around €57.75 billion is currently held in its reserves in cash in addition to what its internal business model demands.[31] Annual profits were around €2.7 billion in 2025, on top of the €2.9 billion accumulated in 2024.[32] In addition, the EIB Statute was recently amended to increase the Bank's investment capacity.[33] Backed by its deep reserves and this increased flexibility, the Bank can effectively provide a combination of concessional finance, guarantees, and equity for public projects with broad population-wide social benefits.

The EIB Group is currently advocating for an expansion of private involvement in the provision of social infrastructure and essential services in the form of public–private partnerships.[34] However, forms of public–public partnerships already exist. A concrete example is the **Public Sector Loan Facility (PSLF).** The programme was set up as the third pillar of the Just Transition Mechanism and was expected to raise between €25 and €30 billion of public investments for public projects in sustainable urban mobility, social infrastructures, urban renewal, and energy efficiency interventions.[35] The PSLF uses blended finance and, at its launch, was worth €11.5 billion — €10 billion of loans from the Bank's own resources and almost €1.5 billion in grants from the EU budget.[36]

Nonetheless, the scope of the PSLF was progressively reduced. With **Omnibus II,** additional revenue has been directed into InvestEU, thereby depriving the PSLF of the capacity to broaden its funding base. **The PSLF's total resources for 2021–2027 were, thus, scaled down to around €15 billion of mobilised public investment.**[37] The Commission presented the reform as a response to private sector interest into the InvestEU Fund, turning a blind eye to the interest that the PSLF has generated over recent years.[38] Indeed, despite a slow start, its implementation is currently in full swing. A further 19 projects had been selected by the end of 2025, and even more applications are expected for the second call, which is currently open and has a budget of €630 million.[39] Whilst industrial and military priorities are absorbing an increasing portion of European public funds, **the PSLF is left with little financial capacity.** If the money dries up, many projects with the capacity to tackle the current social and environmental crises risk being discontinued or even fail to raise the funding needed. As a result, households, workers, and vulnerable people will be left without safe access to basic needs.

2.1 Better homes for all

An ever-increasing number of people face hurdles in accessing basic housing, are cut out of housing markets, or live in overcrowded and inadequate housing. All the while, social housing stocks need renovation and the pace of construction is far too slow.[40]

The **Liège Declaration**, signed by EU national housing ministers in March 2024, acknowledged the need for **financial solutions that target the most vulnerable**, including the homeless, those at risk of becoming homeless, young people, and those with disabilities.[41] The European Affordable Housing Plan launched by the European Commissioner for Energy and Housing, Dan Jorgensen, claims that affordability must go hand in hand with sustainability and service quality, yet one of its main initiatives is to expand the role of private investors in providing this essential social need.[42] Through an upcoming platform gathering public and private investors - the Pan-European Investment Platform –,[43] the plan seeks to expand private investors' involvement in the supply of housing. Thus, it substantially ignores the reality that comes with a highly financialised housing market.[44]

The EIB Group could play a stronger role in investing in affordable, energy-efficient, social and public housing. In fact, the European Parliament recently reminded the EIB that its housing project financing should align with the Bank's mandate for social and territorial cohesion.[45] Last year, it also recommended that the Bank prioritise investments in housing cooperatives, energy-efficient social housing, and renovation projects targeting low-income households.[46]

Despite these calls, the Group's Affordable and Sustainable Action Plan presented by Nadia Calviño in March 2026 fails to adopt adequate measures to pursue these objectives. It aims to invest up to €6 billion in housing in 2026. The strategy is predominantly based on supply rather than a targeted plan on how to ensure affordability for final beneficiaries.[47] The action plan outlines three main priorities. First amongst these is a €400 million investment package — Housing TechEU — that will target innovation in the housing construction sector. Within this, the Bank intends to invest in mid-caps and large companies to expand the provision of 'advanced materials' and 'new engineering solutions'.[48]

Secondly, and even more concerning, is the fact that the EIB is planning to expand its support for building renovations through **green securitisation**, i.e., through the 'originate-to-distribute' model.[49] This is a financial practice in which banks package and sell loans that they have previously issued, rather than to keep them in their own books. This can **incentivise low-quality credit,** because the bank is no longer responsible when it sells the loans. Securitisation was found to be one of the elements that spurred the global financial crisis in 2008. It was also shown to obscure links between credit institutions and other financial market operators,[50] leading to a lack of transparency and oversight in what is known as 'shadow banking'. With the backing of the InvestEU guarantee, the bank approved an €800 million package of green securitisation in 2023, supporting the bundling and sale of loans to home owners undertaking energy-efficiency projects in their building renovations.[51] The Bank claims that safeguards will be developed to prevent financial speculation into its housing plan; however, ongoing negotiations in EU's regulatory framework for securitisation are massively deregulating the sector.[52]

Finally, the Bank wants to boost new constructions with a focus on rental units and social and public housing needs. They say that accommodation will target students, refugees, key workers, and the elderly. Under the green securitisation scheme, two loans have been approved, one of which will finance real estate developers in Spain to construct energy-efficient new residential buildings.[53]

All the while, other public–public cooperation avenues exist. In September 2020, the EIB and the Council of Europe Development Bank (CEB) signed a partnership with the French public development Bank, the Caisse de Dépots et Consignations, in support of French social housing solutions financed by the Banque de Territoires (BT). This network was meant to expand the European public development bank's involvement in affordable housing provision in France[54] by relying on the countercyclical role it can play in fostering public investments into socially beneficial sectors.[55] In 2020 and in 2023, through this partnership, the EIB approved two loans worth €500 million each for the construction of an additional 33,000 housing units.[56]

There are many ways in which the EIB Group can play a valuable role in the current housing crisis. **As a public institution, it should target vulnerable groups that are struggling the most.** Members of the European Parliament demanded that the Bank prioritise housing projects developed by local institutions and authorities, which ensure sustainable solutions that meet socio-economic needs.[57] The CEB's strategic plan, for instance, openly refers to prioritising public sector entities and not-for-profit housing providers, which provide social and affordable housing solutions for vulnerable populations and the expanding category of people facing cost overburden, or the so-called 'grey area'.[58] For the EIB Group to follow suit, it must first decide upon a clear definition of what 'affordable housing' is and what kind of final beneficiaries they are targeting.

2.2. Affordable clean power for the people

Between January and March 2026, Shell, TotalEnergies, Aramco, and BP's combined profit was USD $6,200 per second.[59] With the oil and gas giants lining their pockets in times of war, European civil society has come together to demand a windfall tax to redistribute the wealth to those who pay the prices at the pump. This short-term measure would provide some relief to those whose wages can't keep pace with rising energy prices, most notably workers from across Europe.[60] Yet, while such a tax would create extra public resources, it does not address the structural problems underlying the crisis.

AccelerateEU acknowledges Europe's overreliance on fossil fuels; however, too many blind spots remain, and temporary relief measures are not transformed into long-term strategies.

To achieve the decarbonisation of the European energy system, the European Commission estimates an annual investment gap of approximately €660 billion by 2030, rising to €695 billion annually from 2031 to 2040. With these enormous needs in mind, the Commission is demanding public funds be deployed to catalyse private capital, on which it counts to provide the biggest share of the needed investments in the transition.[61] In the coming years, the EIB Group will commit up to €75 billion to support the strategy, which aims to enable energy network infrastructure and, in doing so, increase renewable energy production. In 2025, wind and solar sources produced more electricity than fossil fuels in the EU.[62] This is clearly a crucial time for Europe's electrification.

Despite the public bank having a long-established involvement in the energy sector, the Group's new commitment lacks a clear trajectory to ensure that projects receiving public support meet the needs of the people struggling the most. In support of the Clean Industrial Deal roadmap, for instance, a Pan-EU corporate Power Purchase Agreement Package has been reached to ensure demand for companies expanding their renewable energy production. The EIB has, thus, become a fund for industrial actors, including companies in the energy intensive industries, who refuse to pay to decarbonise their production lines from their own pockets despite huge profits.[63] In addition, industrial businesses have been given preferential access to low-cost clean energy, while only lip service is paid to vulnerable groups who need affordable access to clean energy.

With this renewed commitment to clean energy generation, p**ublic banks should ensure the widest social benefits and target those facing energy poverty to be adequately safeguarded from the energy price spikes.** Academics such as Brett Christophers expose how the liberalisation and privatisation of the energy sector in Europe has handicapped the phasing out of fossil power.[64] Public financing into public energy production should play a key role in tackling the social and environmental crisis, but in 2023, less than 10% of the Bank's renewable energy production investments were directed at public entities.[65]

Publicly owned energy companies have clear benefits in terms of ensuring the transition of the energy sector while maintaining affordable prices for all. While many voices were upbeat about a speedy energy transition due to the lower prices of renewable energy, the recent slowdown in European renewable energy development shows that this is not the whole story. A UK-based analysis carried out by Common Wealth argues that **an integrated public energy company represents the best solution to speed up the energy transition and give the most social benefits.**[66] A public energy company backed by the state allows for lower borrowing costs and decreases the overall cost of investment, which, since renewables have relatively high upfront capital costs, is essential. Of course, high upfront capital costs and low energy bills mean less profits for private investors, but a public company operating on a non-profit business model would allow for an increased capacity to invest at scale and speed in renewable energy infrastructure and production. By reducing, or altogether eliminating, dividend payments, a public energy company would also be able to provide cheaper renewable-based electricity and lower energy bills for both households and businesses.

As the **EU Climate Bank, the EIB Group can play a more decisive role** in this by prioritising public power, electricity generation, and transmission projects that ensure the EU's expanded renewable energy production capacity is accompanied by expanded affordability. Under the PSLF a €400 million loan to SachsenEnergy, a German municipal energy utility company controlled by the city of Dresden, came to support more than half of the company's multi-annual investment plan into grid enhancement in Saxony. As a regulated natural monopoly, this investment will support the provision of electricity at lower costs than under fragmented private markets, ensuring widespread social benefits in terms of accessibility.[67]

2.3. Local urban transport development plans

AccelerateEU makes a clear call to citizens: use **public transport and micro-mobility** instead of private cars. Certain measures adopted after the 2022 energy crisis sparked hopes of a change in consumption patterns in favour of public transport.[68] Despite this, private road transport is still widespread across the EU. According to Eurostat, in 2023, road transport was the most energy-consuming sector in the EU, accounting for more than 30% of all energy consumed.[69] In the same year, the sector was also still responsible for a third of the total EU emissions, the main source of pollution being road transport.[70]

Public transport has rightfully emerged on the political agenda as the backbone of decarbonised and sustainable urban mobility. This period of crisis could provide an opportunity for a structural overhaul of the European transport system — one that moves beyond private transport. **Prioritising public transport not only saves energy, it is also the best climate-friendly scenario.** Even McKinsey acknowledged that a reduction in car usage in urban areas would be the best strategy to meet the Paris agreement, as it would cut emissions by 15%.[71]

Despite its benefits for people and the planet, **local public transport systems remain one of the most neglected areas of investment.** According to an EIB survey with local municipalities across Europe, investments into public transport failed to meet the sector's needs in 2021–2023. In addition, only 41% of the municipalities surveyed intended to increase investment in the sector. A lack of adequate financing is putting municipalities' limited budgets under pressure, causing them to prioritise other investments, such as energy and housing projects.[72]

A long-term investment strategy is needed to ensure an adequate amount of money flows into the decarbonisation of accessible, affordable, and quality local transport systems. For public authorities to have the capacity to deliver these crucial services, public investment needs to play a larger role. According to the Commission's estimates, public investments need to cover up to 85% of annual investment needs for the decarbonisation of the rail and public transport networks between 2021 and 2030,[73] showing that grants-based public financing is one of the key drivers of the sector's finances.

The EIB Group can also play a key role in compensating for this investment gap. Over recent years, it took important steps. The current version of the transport lending policy, which was reviewed in 2022 to align with the first version of the EIB's Climate Bank Roadmap, simultaneously **prioritised urban collective transport** to achieve climate mitigation targets and affordability for the most disadvantaged people.[74] Half of the programmes currently being financed by the EIB under the PSLF support public development investment plans, which also encompass investment into the local transport systems.[75] These include loans provided to regional authorities (such as Western Macedonia)[76] and local municipalities (such as Nantes, France).[77] In 2023, transport lending accounted for more than a quarter of total EIB finance in climate action (which includes both climate mitigation and adaptation). More importantly, public borrowers benefitted the most from the total sectoral investments, representing almost 60% of the portfolio that year.[78]

Despite its official commitments, the Bank's lending operations show unconditional support for the automotive sector. From lithium mining sites in Finland's Kaustinen region to large-scale gigafactories where electric vehicle batteries are assembled, projects financed under InvestEU involve all stages of the supply chain.[79] The new surge in mineral demand[80] as well as support for energy-intensive and polluting car manufacturing processes result in continued extraction and emissions, which is at direct odds with the Bank's commitment as the EU Climate Bank. Meanwhile, green transport sector investment almost halved in 2024 as compared with 2023.[81]

As the EU Climate Bank, **the EIB should prioritise long-term economic viability and public transport systems over private car ownership.** This would benefit the planet and the most vulnerable. The upcoming transport lending policy review is an opportunity to make substantial improvements in this respect.

3. THE WAY FORWARD: CONCLUSIONS AND RECOMMENDATIONS

There is a large gap in public investments for the growing needs of affordable and environmentally sustainable services. The EIB Group is currently at the forefront of most EU investment policy strategies. In the implementation of the second phase of the Climate Bank roadmap (2026–2030), the **EU Climate Bank** has the capacity to drive **fair decarbonisation in the housing, transport, and energy sectors** that is **genuinely affordable** for those experiencing the entangled implications of the climate breakdown and of the cost-of-living crisis. Given its reserves and the possibility of increased risk-taking due to the latest statutory reform, the EIB Group has the capacity to finance urgently needed green public services and have a larger impact by increasing collaboration with other public banks in Europe and member states. At a time when the future of investment in the 'just transition' and cohesion regions under the next EU budget is highly uncertain, this role is even more important. As the EU Climate Bank, it is mandated to invest in social, territorial, and economic cohesion. Therefore, the EIB Group should ensure there is the necessary public investment in quality access to basic needs, such as affordable public transport, energy, and housing.

Scale up public investments into green public services

1. Unused Recovery and Resilience Facility resources can be used to finance projects eligible under the Public Sector Loan Facility (PSLF)

The PSLF is generating increasing interest, and many more projects are expected to be submitted before the coming deadline. The final implementation phase of the Recovery and Resilience Facility to be completed by August 2026 represents a decisive opportunity to scale up the PSLF. The Facility's regulation allows resources to be transferred in cases where programmes are not completed on time. The EIB Group's plan to redirect these resources into military purposes must be forcefully opposed. The social impacts associated with the energy crisis make this reallocation even more timely. Projects eligible under the PSLF should be supported to tackle the social consequences of the energy crisis and drive the decarbonisation of sectors central to everyday life.

2. European Public Goods (EPGs) should ensure the financing and provision of green public services

In the ongoing debate around EPG financing, having a clear and transparent definition of an EPG is more crucial than ever. Central to this is ensuring services that benefit the population are adequately targeted, and other sectors are not included. At a time when green public services are urgently required, the legal definition of services of general interest can anchor coming investment programmes to deliver widespread social benefits. The definition of an EPG should, therefore, follow the framework of services of general interest, which reflects the need to prioritise green public services.

3. Public banks should prioritise green public services

As the self-proclaimed EU Climate Bank, the EIB Group must scale up its investments into decarbonisation whilst ensuring the projects supported deliver the widest possible social benefits. Its financial firepower and increased risk-taking capacity could be used to spur a virtuous cycle of public investments into green public services beyond traditional lending to include financial instruments such as equity and guarantees. For instance, the EIB Group could expand its guarantee coverage to allow other public banks to provide equity and expand concessional loans in socially grounded projects into green public services.

The EIB Group must prioritise green public services

1. The forthcoming Cohesion Orientation 2028–2034 must acknowledge the interplay between crises affecting vulnerable people across European cohesion regions.

In line with the Bank's core mandate, it should prioritise financing public sector projects that play a key role in decarbonising crucial sectors while ensuring wide and affordable access to the most vulnerable groups.

2. In implementing its Affordable Housing Action Plan, the EIB must:

- Provide a thorough definition of 'affordable housing' and ensure that housing projects meet the needs of vulnerable communities and populations, including low-income households, students, refugees, and the elderly.
- Rule out securitisation packages and suspend plans to expand the 'originate-to-distribute' model in the housing sector.
- Prioritise public and not-for-profit projects in new constructions that explicitly target vulnerable groups.
- Assess local needs in building renovation projects.

3. To have a meaningful role in providing affordable renewable energy, the EIB must:

- Scale up investments into solar and wind power generation while making sure that the projects financed have solid social benefits.
- Ensure energy affordability by prioritising public energy companies and not-for-profit companies.

4. A long-term transformative approach in European mobility will require the EIB to:

- Review transport sector policy so as to prioritise public authority investment schemes (both local and regional) that enhance urban public mobility.
- Select urban development plans that prioritise collective, shared, and soft mobility over projects that promote private mobility.

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