

To: Werner Hoyer,

President, European Investment Bank

Cc: Vice-Presidents Navarro, McDowell, Fayolle, Stubb

25th February 2020

To become the EU's Climate Bank, the EIB should stop supporting fossil fuels

Dear President Hoyer,

We are facing a climate emergency, with devastating consequences for people and the environment, as demonstrated most recently by the extensive wildfires in Australia. Climate strikes all over the world demonstrate that citizens are demanding that governments limit global heating and support climate justice.

In the midst of this emergency, the approval of the EIB's Energy Lending Policy came as a welcome step. In particular, you will have noticed that the policy attracted widespread attention for its unprecedented pledge to stop financing fossil fuels. Citizens and civil society now expect the EIB to honour that pledge by only funding sustainable projects in all sectors.

However, the Policy contains three important exceptions which could undermine its objectives. Indeed, the bank recently approved a [project](#) fitting under these exceptions - a gas-fired combined cycle gas-turbine (CCGT) in Greece.

Firstly, it still allows the EIB to approve, by the end of 2021, projects from the 4th list of so-called 'Projects of Common Interest' (PCIs). This list, which is heavily shaped by fossil gas lobbies, contains over 50 new fossil gas projects. A [letter](#) signed by 84 civil society organisations shows clear citizen disapproval for fossil fuel projects in the PCI list.

Furthermore, this list now faces considerably heightened scrutiny, as institutions understand that all fossil fuel projects must be abandoned in the current climate emergency. The European Ombudsman is investigating how the climate impact of these projects is assessed by the European Commission and the Irish High Court has given permission for the organisation 'Friends of the Irish Environment' to challenge the inclusion of the Shannon LNG project in the PCI list. Finally, the European Commission has committed to testing the list for compatibility with the European Green Deal, though no criteria and methodology have been announced yet.

As a key financier of the Green Deal, and as it intends to become the EU's Climate Bank, the EIB should not fund any further gas projects in the PCI list.

Secondly, the policy allows financing for gas infrastructure which could potentially transport non-fossil gas, without specifying any more precise conditions. This could allow financing for new, highly-polluting fossil gas infrastructure, on the basis of a vague promise that it will one day

transport 'cleaner' gas. This would further divert the EU from its Green Deal and Paris Agreement targets and must be avoided at all costs.

Thirdly, the policy allows financing for projects that emit fewer than 250 grammes of CO2 per Kilowatt hour over their entire lifetime. This threshold is extremely high, and has no scientific justification – indeed, the EU sustainable finance taxonomy has established a more stringent threshold of 100 grammes of CO2. Importantly, in the taxonomy this threshold does not denote activities considered 'sustainable' but those classified as 'transition'. The EIB should adopt the taxonomy threshold, or risk falling far behind EU best practice.

The EIB is not obliged to use any of these loopholes to the fossil fuel phase-out. It can uphold its commitment not to finance any more fossil fuels and stick to the spirit of the policy: this is crucial if it is to become the 'EU Climate Bank'.

It is clear, according to any detailed analysis of our available carbon budget, that adding any new fossil gas projects is the surest way to make the EU miss its Paris Agreement objectives. Indeed, limiting temperature rise to 1.5°C requires a 65% emissions reduction by 2030. Furthermore, there is ample [evidence](#) that the EU's gas infrastructure is more than sufficient to meet demand, even in various high-stress scenarios, and therefore does not require further expansion.

We urge you, therefore, to ensure the EIB holds firm, does not use these loopholes, and instead matches the expectations the Energy Lending Policy created. The same coherence is required in its Transport Lending Policy, as transport is the largest source of greenhouse gas emissions in Europe.

These actions are demanded by citizens. They are demanded by civil society. Most of all, they are imposed by science.

We would be grateful for the opportunity to discuss this further with you, at your convenience.

Yours sincerely,

CounterBalance
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Greenpeace
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Oil Change International
Food and Water Action Europe

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