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European Investment Bank
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Luxembourg

CIVIL SOCIETY STATEMENT

MAKING THE EIB A TRUE CLIMATE LEADER

Dear EIB Directors,
Dear EIB Management Committee,

We, the undersigned civil society organisations, underline the urgency to accelerate the transition of the EIB into the EU Climate Bank and take rapid steps to live up to its climate commitments.

Despite its objective to align all its operations with the Paris Agreement, the EIB is not yet a “Climate Bank”. The Climate Bank Roadmap adopted in November 2020 and the various action plans adopted since are only some first steps in the right direction. In particular, since then the EIB has still financed gas and carbon-heavy transport projects for instance, which are clearly not in line with what a “Climate Bank” should finance.

This year, the planned adoption of the EIB transport policy and the upcoming mid-term review of its Energy Policy will be crucial processes for the EIB to further align with the objectives of the Paris Agreement and avoid greenwashing its climate commitments.

In order to truly meet its ambitions, the EIB needs to:

- 1 Align all the transport operations with the objectives of the Paris Agreement.** This includes an end to the financing of any expansion or capacity increase in motorways and highways and no more funds for LNG fuelled vessels and LNG terminals. The promise of the bank to stop financing airport expansion should be implemented immediately. The EIB’s [support](#) to Bologna airport expansion stands in contradiction with the bank’s intentions and communication. If re-directed towards climate-proof and transformative projects, the EIB’s investments will be determinant in helping the EU transform its mobility system and achieve the objectives of the European Green Deal.
- 2 Put an end to all fossil fuel financing:** It is crucial that the EIB maintains its leadership in that field and closes the loopholes in its Energy Lending Policy during the mid-term review planned in 2022. For instance, it should include clear restrictions to fully prevent the financing of so-called low-carbon gases, grey or blue hydrogen and forest biomass. The EIB should stop using exceptions and transition periods when financing of fossil projects is considered, especially fossil gas related ones, so that it immediately stops financing of all fossil fuel projects.
- 3 Further exclude environmentally harmful operations from the EIB portfolio.** All EIB operations should be aligned with the objectives of the Paris Agreement. The new PATH framework, although a clear improvement from current practices, should be reinforced to credibly deliver 1.5°C alignment. Reinforced safeguards, greater transparency, and more public participation are also necessary if the EIB wants to deserve its role as a climate leader and play a key role in the Just Transition.

1. ALIGNING THE EIB TRANSPORT PORTFOLIO WITH THE PARIS AGREEMENT

Despite its climate commitments, the EIB's transport operations to date are not yet aligned with the objectives of the Paris Agreement. The Bank's approach to transport needs to undergo radical change if it is to play a transformative role in the transition towards a low carbon future.

Our key recommendations for the ongoing review of EIB's Transport policy are the following:

- The EIB should support and scale up financing for zero-carbon transport infrastructure, urban electric public transport, rail electrification and refurbishment, and zero-emission multimodal transport services;
- **End the financing of any expansion or capacity increase in motorways and highways.** The use of carbon pricing - while welcome - will not be sufficient to rule out most motorway and highway projects;
- End support and financing for LNG terminals, and LNG fuelled vessels;
- End the financing of port expansions in Europe and related transport and industrial infrastructure including the expansion or creation of special economic zones;
- Only support the electrification of trucks, coaches and vessels and not support powertrains relying on gas, biofuels, or oil;
- End support for all biofuels and blue hydrogen as alternative fuel source.
- End loans for the manufacturing of internal combustion engines (including hybrid vehicles) in the automotive sector.
- Support renewal of public transport fleets towards zero emissions vehicles, extension, renewal and electrification of rolling stock for rail passengers transport (including night trains);
- Any new local and urban roads should be financed only if cycle lanes or other soft mobility infrastructures are integrated in the infrastructure;
- Immediately end financing of airport capacity expansion and all loans resulting in increased air traffic (before the end of the transition period under the Climate Roadmap).

2. PUTTING AN END TO ALL FOSSIL FUEL FINANCING

As far as energy is concerned, the EIB Energy Lending Policy adopted in 2019 is a key step forward. The EIB made the groundbreaking commitment to end its financing for fossil-fuel energy projects, with the transition period finally coming to an end in January 2022.

It is crucial for the EIB to strengthen such leadership and eliminate all the loopholes in its Energy Lending Policy during its mid-term review in 2022.

- The EIB should **close the loopholes and exceptions** included in its policy that could still allow the EIB to support fossil fuel projects, especially so-called "low-carbon" gases and fossil gas in district heating. Considerable risks remain in the use of many of these gases, for instance from methane leakage and the high level of energy required in their production.
- In particular, the Emissions Performance Standard (EPS) set at a level of 250 gCO₂ per kWh should be **lowered to a threshold of 100 gCO₂e per kWh**. A threshold of 100 gCO₂e per kWh is already high for renewables as they tend to achieve numbers far lower than that.
- **Introduce an explicit ban on investments and financing that increase utility-scale biomass burning.** Using biomass for energy is often promoted as a solution to curb emissions, but the reality is that burning forest biomass can be as bad for the climate and the environment as burning fossil fuels.
- **Exclude support for nuclear energy.** Building new nuclear power plants requires strong financial, political and institutional commitments, which undermines support for renewables and energy efficiency. Therefore, it will be crucial to ensure that the EIB does not get more active in this field.
- Finally, the bank should continue to encourage other Multilateral Development Banks to exclude fossil fuels from their financing and to set their trajectory towards Paris Alignment at portfolio level.

3. FURTHER EXCLUDE ENVIRONMENTALLY HARMFUL OPERATIONS FROM THE EIB PORTFOLIO

The Climate Roadmap adopted in 2020 introduced some welcomed steps on polluting activities to be excluded from the EIB's future portfolio. Still, there are other significant activities in high-carbon sectors that need to be excluded.

- **Strengthen the recently adopted EIB PATH Framework and prevent dirty investments via financial intermediaries.** While the PATH framework is the beginning of a more solid corporate approach to the EIB operations, significant loopholes remain. We therefore call on the PATH Framework to be urgently reinforced.
 - The current PATH framework for instance fails to request EIB clients to have clear exit plans for oil, gas and coal. There are no demands for fossil fuel companies to set a date by which fossil fuels need to be phased out (coal by 2030, gas by 2035, carbon neutrality by 2040). Such dates should be one of the key indicators to immediately assess the credibility of the decarbonisation plan presented by the company. Similar benchmarks should also be developed for other sectors (including transport and agriculture).
 - Another critical aspect relates to the credibility of the decarbonisation plans that will be presented to the Bank. The EIB should make explicit the requirement that **the climate target set by the company should be science-based**, i.e. aligned with a 1.5°C scenario with no or limited overshoot. It should not rely on offsetting and hypothetical promises of future technologies.
 - The EIB should also **insert decarbonisation plans and GHG emissions reduction targets into contract clauses** between the EIB and its clients - so that climate inaction by the company constitutes a breach of the contract - and make these plans publicly available.
 - Furthermore, the Framework remains **extremely weak when it comes to financial intermediaries** and will do nothing to change the fact that a large portion of the EIB's operations channelled through intermediaries cannot be considered as Paris aligned. With the PATH Framework, the EIB will still lag behind some of its peers. We therefore call the EIB to **ask intermediaries to adopt decarbonisation plans** if they want to benefit from EIB Group funding.
- Reinforce safeguards in the field of bio-economy, agriculture and land use, with an explicit **ban on supporting industrial farming (including livestock) and utility-scale biomass.**
- The **EU taxonomy** will underpin the future criteria of the EIB and should be conceived as a minimum: the EIB must retain the possibility to apply more stringent criteria than the EU taxonomy in areas where the latter is weak, as for instance in the case for **LNG and Biomass.**
- Implement in a stringent manner the **EIB's economic and financial appraisal of projects** to align both with 1.5°C scenarios, ensuring a solid assessment of less carbon-intensive alternatives and indirect emissions ("Scope 3" emissions).
- The EIB should **raise the bar on transparency**: detailed annual progress reports should be communicated to the public, including on the EIB's own degree of alignment with the Paris Agreement, and the EIB should proactively disclose the GHG emissions linked to all its operations, on a project-by-project basis. Projects must provide data on how they are contributing to gender equality and women's empowerment.

- **Ensure an accountable and participatory process around the EIB Action Plans** that are still to be developed under the Roadmap. The EIB should build on its engagement with civil society organisations to enable them to participate fully.
- Further develop the EIB's contribution to **Just Transition** so that it can finance smaller projects (including community-led initiatives and small-scale projects especially targeting renewable energy sources and energy efficiency) and increase contacts with local and regional authorities.
- Avoid **greenwashing** and adverse social impacts by not focusing on false solutions (hydrogen, CCS, etc). The EIB should not achieve 1,5°C alignment via the use of carbon offsets or carbon markets - neither at the portfolio nor at the project level.

Given the urgency to tackle the multi-faceted crises of our times, we urge you, as shareholders and managers of the EIB, to take swift action to truly align with the Paris Agreement and set a precedent for other financial institutions. Offering a meaningful space for dialogue with civil society during 2022 is a prerequisite in this regard, alongside taking further steps as identified above, in particular around the review of the Transport Lending Policy. More ambition is needed not to fall into the trap of greenwashing.

We are looking forward to discussing these issues further during the next seminar between the EIB Board of Directors and civil society in February, as well as throughout the year.

We thank you very much for considering these issues.

Yours sincerely

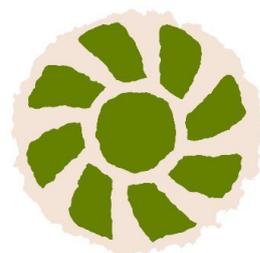
SIGNATORIES



AbibiNsroma Foundation



Arab Watch Coalition



biofuelwatch
Biofuelwatch



Biomass Finance Working Group of the Environmental Paper Network



BothENDS



CEE Bankwatch Network



Coordination Office of the Austrian Bishops' Conference for International Development and Mission (KOO)



Counter Balance



Focus Association for Sustainable Development



Friends of the Earth Europe



Global Forest Coalition



Greenpeace



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ODG



Pivot Point



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Sinergia Animal



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