

To: EIB Board of Governors
EIB Board of Directors
European Investment Bank
Boulevard Konrad Adenauer 100
Luxembourg

JOINT LETTER

20 June 2024

Strategic Roadmap of the EIB must prioritise global just transformation

Dear Ministers of Finance,
Dear members of the EIB's Board of Governors,

We, the undersigned civil society organisations (CSOs) and labour unions, reach out to you at this critical moment for the EIB ahead of your adoption of the Strategic Roadmap 2024-2027 with the Bank's priorities, which is on the agenda of the upcoming Board of Governors meeting on June 21.

Climate breakdown, economic uncertainties, the soaring cost of living crisis, underinvestment into eroding public services, as well as the pursuit of exploitative policies towards the Global South in the context of competitive raw material supply chains are some of the pressing challenges that require addressing by the EIB. We regret that the Roadmap is the result of an exclusive, opaque and undemocratic process, where the public, civil society organisations, labour unions, parliaments and local governments have been excluded from the strategy-setting process of Europe's main public bank.

The proposed increased lending capacity and risk taking creates a possibility for the Bank to reinforce its global role, as well as the institutional and financial clout, to have a direct and lasting positive impact for the people it is meant to serve. But this requires getting the priorities right. According to [reports](#), the proposed Strategic Roadmap contains positive elements, such as keeping climate on top of the agenda and making social infrastructure a priority. However, it is regrettable that overall the Roadmap focuses on serving EU corporations, private investors and geopolitical interests.

Using an increased lending capacity to support competitiveness and a Capital Markets Union in the EU is bound to fail as a transformative financing agenda. These objectives mask the general unwillingness of the Bank to mobilise sufficient resources to support a sustainable economy within planetary boundaries and to secure socio-economic rights for all both inside and outside the EU.

With this joint letter, we urge you to consider the following recommendations for the EIB's strategic priorities:

1

Prioritise a just transformation: stop supporting big polluters, increase the quality of climate loans and prioritise green public services.

While it is positive that climate remains the number one priority for the upcoming years, it should be broadened to include a broad definition of environmental protection and take into account all planetary boundaries. The current climate strategy itself also includes several counterproductive flaws. Supporting technological competitiveness by derisking EU corporations should not be prioritised over providing high quality jobs and environmentally friendly solutions for basic needs in sectors such as housing, transport and energy. The Bank should have a clear plan on how supporting the greening of industry contributes to a just transformation inside and outside the EU, including by working only with companies with high social and environmental standards.

The Strategic Roadmap also proposes an SME energy efficiency programme via financial intermediaries. The EIB typically provides SME loans (often as part of its climate finance) through commercial banks, some of which are [among the world's 60 worst fossil fuel financiers](#). The Bank should work only with public banks that have strong climate standards. Moreover, the Bank should close existing loopholes in its PATH Framework allowing financing for fossil fuel companies that still carry out polluting and unsustainable activities, and lack a science-based decarbonisation plan aligned with the Paris Agreement. The Bank should extend the PATH Framework to fully cover financial intermediaries. The EIB should support proven renewable energy solutions, and refrain from spending public funds on unproven, inefficient and costly investment in sectors such as carbon capture and storage or Small Modular Reactors. The Bank should also refrain from hydrogen infrastructure that risks extending the lifetime of fossil fuels and should only consider limited, clearly and transparently defined applications of renewable hydrogen, where no alternatives to hydrogen exist (e.g. electrification), where its manufacture does not compete with demand for direct use of renewable electricity, and where clear evidence proves sustainability and efficiency.

2

Fulfil the EIB's public mandate by supporting cohesion, recovery funding and social infrastructure through public-public cooperation.

It is positive that supporting recovery funding, cohesion and other EU programmes is among the priorities, and especially that the need to invest in social infrastructure, including health, education, training and energy efficiency for accessible housing is being taken up in the Roadmap. However, the Bank must reconsider its current focus on public-private partnerships and the use of its lending capacity, access to the EU budget via InvestEU and leveraging of NextGenerationEU funding to make projects profitable for institutional investors. Public funding and lending capacity should prioritise social needs that require public investments, and favour a funding approach based on public-public cooperation mechanisms to provide social infrastructure and public services, reaching especially lower income households and regions with higher unmet public investment needs. In particular, lending for housing renovation should target lower-income households and should leverage different types of public finance, not risky financial instruments such as [securitised loans](#).

3

Do not expand the EIB's financing for the defence industry.

The EIB is above all a development bank, and it must not expand its lending to ammunition, weapons or detention centres of any kind, which are at odds with the Bank's core mandate. The Bank should also not increase the defence industry's access to concessional lending via dual use projects or changing the definition of such projects to increase the military component.

4

Place development and social and environmental objectives at the heart of EIB Global.

Rather than progressively becoming a true development bank, the EIB's growing focus on using public funds to leverage private investment is increasingly positioning EIB Global as a tool for EU's economic diplomacy and geopolitical interests, as reflected in the Global Gateway strategy. This is reinforced by the Strategic Roadmap's proposal to increase lending for the Global Gateway and to support raw material supply chains to boost Europe's competitiveness.

EIB Global should prioritise projects with a clear development additionality – which should be transparently assessed and published – and contribute towards long-term structural transformation into environmentally sustainable and equitable societies globally, rooted in democratically determined national development agendas. Moreover, the EIB must urgently put in place a specific human rights due diligence plan. It scores behind other [MDBs](#) in terms of human rights policies, and must take steps to ensure its human rights and environmental standards are improved.

The mining sector is prone to serious and well-documented risks of human rights and environmental violations. This is particularly relevant in light of the EIB's announcement earlier this year to expand finance for raw materials while its human rights standards still have significant shortcomings. At the same time, mining has to be scaled down structurally and our economies need to be transformed to ensure resource use reduction, reuse and recycling to fulfil essential needs for well being within ecological limits. Unfortunately, current EU policies fall short of these standards respecting planetary boundaries. The EIB must not finance any mining related projects before it can demonstrate strong progress on these issues and before it proposes a specific and publicly consulted raw materials policy based on these principles.

5

Transform the EIB into a democratically-led and accountable public bank.

The EIB's current governance system has a limited form of democratic accountability and control. Member States are the shareholders of the Bank, but there are no mechanisms for the European public – the ultimate owners of the EIB – to participate in decision-making, evaluate performance and co-create the strategy of the Bank. This is demonstrated by the undemocratic process by which this Strategic Roadmap was adopted.

As the EIB is taking up a more central role in implementing EU policies, the Bank's democratic accountability must be strengthened by giving the European Parliament a binding role in the evaluation of the Bank's activities, and by involving the national parliaments of the Member States. The Bank should also integrate a partnership principle of the EU Cohesion Policy and allow labour unions, civil society and local governments to take a role in decision-making. Pending this reform, advisory committees of such public actors should be formed and

integrated into the Bank's strategic decision-making. For operations outside the EU, governments, civil society and local public stakeholders should equally have a place in the governance and decision-making structure to help guide the EIB Global's operations in their countries. Finally, the cornerstone of democratic governance is the reform and establishment of a truly independent, safe and effective complaints mechanism and a remedy framework to remediate negative environmental and social impacts.

As signatories of this letter, we stress the urgent need to transform the EIB into an institution with public interest at the core of its operations, steering our economies towards a fair, equitable and sustainable path at this crucial time.

As a network of CSOs and labour unions monitoring the social and environmental impacts of the EIB's activities in Europe and globally, we strongly recommend the Board of Governors to improve its legitimacy in the EU and implement these changes to become a truly public bank. We thank you for considering these crucial issues.

Yours sincerely,

Counter Balance

Jamaa Resource Initiatives

European Federation of Public Service Unions (EPSU)

Observatori del Deute en la Globalització

Recourse

Urgewald

CEE Bankwatch Network

MenaFem Movement for Economic, Development and Ecological Justice

Cairo Institute for Human Rights Studies

350.org

Accountability Counsel

ReCommon

Oil Change International

CAN Europe

ActionAid International

The Bretton Woods Project

Eurodad

SIGNATORIES

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