



# BEHIND THE EUROPEAN INVESTMENT BANK'S GREEN CURTAINS:

*A REVIEW OF THE CLIMATE BANK ROADMAP*

## CONTENTS

Executive summary	03
Introduction	05
1. Profit first, planet later: The climate finance business model	06
2. How the European Investment Bank decides what is green: The Bank's climate finance methodology	12
3. Climate and environmental finance	17
4. Cleantech: Innovation and patents	27
5. Paris-aligned in theory, not in practice	35
Conclusion	42
Recommendations	45

## ACKNOWLEDGEMENTS

This report has been written by Frank Vanaerschot and Alexandra Gerasimcikova (Counter Balance) with contributions from Chiara Casati (Counter Balance), Anna Roggenbuck (Bankwatch) and Rajko Kolundzic.

Thanks to Anna Roggenbuck (Bankwatch) and Rachel Simon (CAN Europe) for their feedback on the report.

Copyediting and proofreading: Liam Foley

Graphic design: Isabela Franco

# EXECUTIVE SUMMARY

Soon after the European Investment Bank (EIB) ended its support for fossil fuel projects in 2019, the Bank adopted a climate strategy — the EIB Group Climate Bank Roadmap 2021–2025. The Bank's aim was to become the Climate Bank of the EU and provide financial support for the European Green Deal. This year the Bank will evaluate and update its climate strategy for the coming years.

Since 2019, the position of climate on the political agenda has changed. Geopolitical conflicts and economic competition have taken center stage, and while global warming is spiralling and creating chaos at huge human and economic cost, it is increasingly being sidelined. Moreover, these conflicts and competition are directly linked with the climate crisis. In the EU, for example, energy market competition was central to the 2023 cost of living crisis, which has left many low- and middle-income families cut off from access to basic needs in sectors like housing, energy and transport. All the while, it is these sectors that require large amounts of public investment to achieve decarbonisation and are subject to fierce competition in terms of clean technological development. In addition, the raw materials needed for these technologies play a key role in many of the ongoing conflicts. The problem is that EU policy makers prioritise power struggles and economic interests over achieving a full and global just transformation in dealing with the challenges climate change is confronting us with.

This report looks behind the EIB's green curtains, analysing the Climate Bank Roadmap and the ability of the Bank's climate finance to protect the climate and environment. In doing so, it investigates whether the Bank is investing in proven and efficient solutions, if it is ensuring a just transformation by providing affordable access to sustainable essential services inside and outside Europe and whether it is pushing industries to fully decarbonise and reinvest their profits in sustainable business models that are compatible with the Paris agreement.

While the public sector was the largest recipient of the Bank's climate finance in 2023, receiving 45% of all climate loans, the Bank's climate business model focuses heavily on supporting private investors. It does so by prioritising policies that reduce private investor risks and increase their profits. Moreover, the Bank fails to recognise the importance of the public sector in financing economically viable projects with high environmental and social benefits, such as affordable energy, housing and transport, but with returns that are below market value. While the Bank makes some highly needed investments in affordable transport and housing projects, especially via the Public Sector Loan Facility, the EIB lacks a holistic approach to pursue a just transformation across all of its climate finance.

The Bank is also falling behind in adaptation finance and concessional climate loans. Lending outside of the EU is being increasingly shaped by the Global Gateway strategy. As a result, climate finance outside of the bloc is at risk of prioritising the EU's geopolitical and economic interests ahead of local sustainability needs and high development additionality.

In addition, there is a real threat that the Bank's climate strategy for the next five years will continue to support polluters and privatise the benefits of green technological development. The Bank still supports activities that extend the life of fossil fuels and other polluting and resource-intensive activities. Most notably amongst these are carbon capture and storage (CCS) and hydrogen.

The EIB plays a critical role in financing cleantech innovation by focusing on large projects. In doing so, it often attempts to reduce risks to protect private capital's profits to fund a range of cleantech sectors, with a focus on low-carbon energy, electric vehicles (EVs), hydrogen and batteries. However, the Bank does not pay sufficient attention to the resource and energy intensity of such activities, as well as the broader environmental impacts of these technologies. It also fails to ensure clean technologies benefit society as a whole through the creation of jobs, affordable products and services. Moreover, clean technologies and their patents are concentrated in high-income countries and large corporations; however, the EIB does not address this by ensuring its funding is distributed fairly with a balanced geographical spread within the EU, nor does it give access to the Global South through technology transfers.

Finally, although the EIB claims alignment with the Paris Agreement via its client conditions, various loopholes exist. For example, the Bank invested € 2.7 billion in companies expanding their fossil activities between 2022 and 2024 and € 7.6 billion in the largest global fossil banks between 2022 and 2023. Moreover, the transition plans companies need to provide lack binding short-term targets and enforcement mechanisms, and financial intermediaries remain exempt from this obligation.

**To address these issues, in its next climate finance strategy, the EIB should implement the following recommendations:**

- Lay out a clear plan to support public actors, especially local governments, to provide essential green public services in key sectors such as sustainable and affordable housing, energy and transport.
- Prioritise a just transformation, with targeted financing based on social needs for sustainable solutions and a 'just transformation evaluation' for all climate finance.
- Boost climate finance outside of the EU in the form of concessional loans for projects with high development additionality, prioritising local needs, technology transfer and support for local communities.
- Increase climate adaptation finance, where the Bank is missing its own targets.
- Adapt the climate finance methodology in order to end funding for technologies and infrastructure that extend the life of fossil fuels, such as CCS. Adopt strict criteria for hydrogen and only finance renewable hydrogen when it is the most efficient solution and does not divert renewable energy from direct electricity needs. Review other activities and discard activities with negative environmental impacts or high energy - and resource intensity in favour of more sustainable options.
- Endorse companies and financial intermediaries that reinvest their profits in proven sustainable and affordable solutions, while creating high-quality jobs and upholding strong social standards.
- Support clean technologies that are effective and are the most energy - and resource efficient options. Prioritise public interest, job quality, and sustainability and distribute funding fairly within the EU to avoid deepening internal inequalities.
- End fossil exposure now. Exclude fossil fuel companies that do not phase out fossil fuels. Create solid and binding criteria for financial intermediaries that require them to phase out their fossil investments and demand that transition plans include binding short- and long-term targets.

# INTRODUCTION

In 2019, the EIB made a groundbreaking move to end support for fossil fuel projects and became a climate leader among Multinational Development Banks (MDBs). In the slipstream of this policy shift, the Bank adopted the **Climate Bank Roadmap**, a five-year strategy that aimed to make the EIB the EU's Climate Bank. This shift took place in the context of strong climate mobilisation and an EU Commission that adopted the EU Green Deal. However, since then, the political landscape has shifted significantly. Despite increasing global temperatures leading to droughts, floods and chaos at a huge human and economic cost, multiple other crises, notably geopolitical competition and wars, **have pushed climate action down the agenda.**

Despite this, the cost of living crisis that started towards the end of the COVID-19 pandemic and was aggravated with the Ukraine invasion and the decline in some of the EU's key industries is directly related to climate action, or a lack thereof. Low- and middle-income families have suffered a significant deterioration in living standards due to increased costs for necessities such as housing, energy and transport. These three sectors also play a central role in decarbonisation. Moreover, transport and energy are two industrial sectors where European companies are being outcompeted in the development of clean technologies like renewable energy and EV battery production. In addition, the raw materials needed for these technologies play a key role in many of the ongoing conflicts. In its attempt to catch up, the EU is drinking the fossil fuel industry Kool-Aid by heavily promoting solutions that extend the life of fossil fuels, are energy and resource intensive, and/or extract resources from the Global South, all in the name of climate action.

**The EU's green policies have not paid sufficient attention to long-term investment in proven and efficient green technologies and making sure climate friendly housing, renewable energy and sustainable mobility are affordable for all.** As a result, the EU industry's shareholders are not compelled to commit to sustainable business models. In addition, in this context, people are concerned that the green economy will not provide jobs and will make their daily needs unaffordable. **Even though climate change is profoundly affecting**

**us, what is required to combine climate action with tackling inequality and long-term economic stability conflicts, in part, with vested interests.** This antagonism has led to a political landscape where important environmental regulations are being weakened while support for businesses is made more flexible and the delivery of the essential services is ignored.

Where does the EIB come into play? Many of the investments needed for climate action are not commercially attractive. In many cases, they are economically viable in the long term but do not offer the kind of short-term profits that encourage investors and shareholders to move their money on the scale needed. **Thus, public investment by governments and public banks like the EIB must play a crucial role if we are to get this right. They have the ability to invest large amounts of money without a profit motive and, if used in the right way, can overcome some of the current obstacles to a just transformation both inside and outside the EU.**

At a moment when the self-proclaimed Climate Bank is taking a more central role in the EU's economic policy and is in the process of evaluating its five-year Climate Bank Roadmap, we went looking behind its green curtains. In this report, we scrutinise the Bank's climate finance history and policy, assessing whether it pushes industries to decarbonise and ensure a **just transformation** by providing **affordable access to the sustainable essential services** mentioned above.

In the first section, we explore who the Bank primarily targets and who reaps the main benefits from its climate lending. In the second, we analyse the Bank's methodology and see if the activities it considers as climate finance provide proven and efficient solutions with a positive environmental impact. In the third section, we take a deeper look at the Bank's climate finance and assess which sectors, activities, regions and social groups have received or benefited from these loans. In the fourth section, we investigate how the EIB finances the development of clean technologies, whether this leads to an overall reduction in the environmental footprint and whether society as a whole benefits in terms of job creation and balanced economic development. In the final section, we examine the Bank's remaining fossil fuel exposure and identify the loopholes that must be closed to ensure the EIB stops supporting the fossil fuel industry.



# **1. PROFIT FIRST, PLANET LATER: THE CLIMATE FINANCE BUSINESS MODEL**

## An Overview

The EIB's climate finance strategy for the period 2020–2025 is laid out in the Climate Bank Roadmap. Its primary objective is to increase the amount of climate and environmental finance to 50% of its lending portfolio by 2025 and mobilise **€1 trillion** in climate finance with its own lending by 2030.<sup>1</sup> The Bank focused 57% of its investments on climate finance in 2024 and will have mobilised €563 billion in climate finance by 2030.<sup>2</sup> The Asian Development Bank has an even higher target, aiming to commit 75% of its operations to climate finance by 2030.<sup>3</sup>

Climate and environmental finance covers both **mitigation** and **adaptation** measures and loans to projects in several sectors, such as transport, energy, energy-efficiency measures, research and development for clean technologies, the decarbonisation of industrial processes, water and waste management, agriculture and forestry. These sectors are discussed in detail in Section 3.

This quantitative focus is not a guarantee for success. First of all, any loans labelled as 'climate and environmental finance' must be truly **transformative, sustainable** and **provide investment where the needs are the highest for a just transformation**. However, as we will see in Section 2, several of the EIB's activities that are defined as climate finance are unproven and serve to continue the life of fossil fuels. These include CCS and hydrogen projects, which are often not renewable-based and in many cases do not provide efficient or equitable solutions. Moreover, a lot of climate finance is awarded to companies and financial institutions whose overall investments and business models remain highly polluting.

To achieve its climate finance targets, the Bank relies on using its low-rate and long-term lending capacity to mobilise co-financing from other public investors as well as to **derisk private investors** by making projects more profitable to invest in. However, this focus on derisking is not the most efficient use of public resources, as many of the much needed investments are not profitable enough to be commercially attractive. Thus, the EIB and other public investors are reliant on the willingness of private

investors and their short-term profit expectations to reach climate policy objectives.

The Climate Bank Roadmap refers to the declining cost of solar energy and other green technologies.<sup>4</sup> However, according to research by several experts, **it is misleading to conclude that private investors will invest in them on the massive scale required**. Many necessary climate investments are not profitable and are, thus, not attractive enough for private investors and companies.<sup>5</sup>

By increasingly engaging in derisking, the EIB is narrowing its focus to projects that meet investor profit expectations. As a result, **profit-oriented companies and investors will increasingly benefit from the EIB's advantageous lending and the projects they finance, instead of society as a whole**, which should be the main beneficiary of public lending. That is not to say that the public sector will always deliver the necessary climate investments. Many public companies operate under market logic, often because they are, at least in part, privately owned, with many of them also engaging in polluting activities. **The advantage of giving loans to the public sector lies in the fact that such entities often have the scale and capacity to finance projects that are less profitable and that truly benefit society, as they are both affordable and sustainable**. In fact, research demonstrates that public energy companies can deliver a more effective and cheaper energy transition.<sup>6</sup> As we will see in Section 3, despite the emphasis on derisking, in 2023, the public sector was the main recipient of the EIB's climate finance. There are, however, major differences between sectors: for example, lending to the public sector is dominant in transport, while lending in the energy sectors goes mostly to private companies and investors.

The derisking strategy is also central in the EIB's 2024–2027 Strategic Roadmap, which maintains climate as its first priority but emphasises the need to make investments attractive for private investors to support technological innovation for growth and competitiveness. By focusing on **bankable projects** to develop technologies with the primary goal of delivering profits and growth, the

<sup>4</sup> EIB (2023). [Mid-term review of the EIB Group Climate Bank Roadmap](#).

<sup>5</sup> Christophers, Brett (2024). *The price is wrong. What capitalism won't save the planet*. Verso books & TUED (2024). [Mapping a public pathway for Europe's energy transition](#).

<sup>6</sup> Common Wealth (2022). [Power to the People: The Case for a Publicly Owned Generation Company](#).

<sup>1</sup> EIB (2023). [Mid-term review of the EIB Group Climate Bank Roadmap](#).

<sup>2</sup> EIB (2025). [The EIB Group in numbers](#)

<sup>3</sup> Asian Development Bank (2023). [Climate Change Action Plan 2023–2030](#)

Bank is ignoring systemic changes, such as reducing resource use, to tackle environmental destruction and the need to develop and use proven technologies within such larger systemic changes.<sup>7</sup> It is also worrying that **there is no mention of just transition in their climate priorities.**<sup>8</sup> The Draghi Report on EU Competitiveness and the Commission's Clean Industry Deal also call on the Bank to increase its derisking lending with the aim of boosting technological innovation and growth.<sup>9</sup>

Without strong conditions and solid transition plans, increasing the use of the EIB to reduce the risks for private sector projects and companies financed by the Bank **does not align with the Paris Agreement or lead to new high-quality jobs and other social benefits.** This may be further exacerbated by fewer reporting and sustainability requirements as a result of the EU's Omnibus regulation. In Section 5, we look at various companies that have recently received EIB loans but whose fossil fuel energy activities are in contradiction with accepted climate goals.

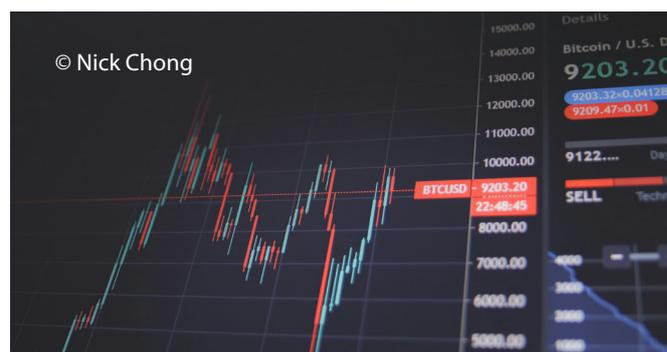
This **market-based strategy** also appears in the Climate Bank Roadmap's focus on the economic benefits of environmental protection and biodiversity restoration, which are regularly referred to as 'natural capital'. Preserving and regenerating ecosystems, indeed, has economic benefits. For example, a forest captures CO<sup>2</sup> and has a positive effect on global warming. However, by looking at biodiversity regeneration as a form of capital, only profitable protection projects receive support, and unprofitable yet necessary projects are overlooked. Moreover, schemes that aim to make nature protection profitable often lead to its privatisation and land grabs.

For the EIB specifically, this perspective increases the risk that the Bank will only finance projects that make enough profit. For example, several of the projects under the Natural Capital Facility include investment in private investment funds that aim to finance commercial projects such nature-based solutions in real estate projects and plantations for the export of timber.<sup>10</sup> The Natural Capital Facility also targets projects aimed at producing

biodiversity offsets.<sup>11</sup> Such offsets put a price tag on the amount of CO<sup>2</sup> a tree or a forest captures as well as the other nature 'services' it provides, which can then be sold to companies or investors who use them to compensate for their own polluting activities. The trading of these offsets prevents polluting companies from moving towards sustainable business models. Creating these offsets also means companies and investors can become owners of the forests and land that are compensating for their ongoing polluting activities, further privatising nature.<sup>12</sup>

In Section 3, in addition to these issues, we also look at a **debt-for-nature swap** facilitated by the EIB, where a part of Barbados' debt was restructured on condition that the money saved was used to finance a climate project. This led to a foreign private company benefiting from the climate project and restricted Barbados' sovereignty over the resources freed up by the debt restructuring.

**Many of the investments needed for limiting climate change and protecting the environment are not deemed sufficiently profitable by the market.** Public investment is key in financing the projects and actors that deliver on climate but is neglected by the market. While there is a strong emphasis on using the EIB to derisk the private sector, there is a lack of recognition that the public sector is the main recipient of the EIB's climate finance, creating vital infrastructure and services that otherwise would not exist. **With a more balanced approach, the EIB should increase its lending capacity to finance non-profit-oriented projects and programmes that deliver affordable and sustainable energy, housing, transport and other public services.** While these critical public services have long-term economic viability, they often fail to align with private investors' profit-driven criteria, resulting in reduced support under a derisking-driven agenda.



<sup>11</sup> EIB (2018). *Natural Capital Finance Facility*

<sup>12</sup> CAN International (2022). *Position on Carbon Offsetting*

<sup>7</sup> Neil Selwyn (2023). *On technology and degrowth (notes on Hickel 2023)*

<sup>8</sup> EIB (2024). *EIB Group 2024-2027 Strategic Roadmap*

<sup>9</sup> The European Commission (2024). *The future of European competitiveness: Report by Mario Draghi & The European Commission (2025). The Clean Industrial Deal*

<sup>10</sup> EIB (2024). *NCF financed projects*

## Just transformation

**The EIB's financing model is not able to meet real just transformation needs.** Although the EIB includes just transition as one of its goals in the Climate Bank Roadmap, it lacks a holistic approach. Low- and middle-income Member States and regions will be disadvantaged by a climate transition that does not take into account their needs in terms of **quality jobs, social protection** and **affordable public services**, especially in sectors crucial for decarbonisation, such as housing, energy and transport. However, the EIB only gives support for a just transition in '**Just Transition Fund Territories**', which are areas heavily dependent on polluting industries like coal mining and are, therefore, particularly vulnerable to climate transition. The Bank provides loans and technical assistance via the **three pillars of the Just Transition Mechanism of the Sustainable European Investment Plan (SEIP)**, which underpins the European Green Deal's financing framework:

- The Public Sector Loan Facility (PSLF) finances local public sector projects. It combines €1,5 billion in EU budget grants with €10 billion in EIB loans, offering concessional financing for public projects such as energy production, district heating and public building renovations. The goal is to mobilise €25–30 billion in total investments. The PSLF is particularly designed to enable affordable and sustainable public services through advantageous lending conditions.
- The dedicated just transition scheme under InvestEU aims to mobilise private investments in just transition regions. InvestEU is implemented by the EIB and other European and member state public investment banks. In total, the goal is to mobilise €45 billion in investments under the just transition scheme.
- The Just transition Fund primarily gives grants via EU funds, and national co-financing is also supported by the EIB via structural programme loans to Member States. In 2024, €132 million in such loans supported just transition projects, but there are no details on the projects financed.<sup>13</sup>

While it is extremely important to prioritise support for local communities and local economic activities in these regions, just transition should ensure it responds to societal needs more broadly. The social impacts of

<sup>13</sup> Information based on data provided by the EIB

the climate transition are felt across all regions, and support should extend to all communities affected by this profound shift.

In particular, the PSLF model could serve to finance affordable services both inside and outside Just Transition Fund Territories. By the end of 2024, €1,3 billion in loans had helped finance 11 projects in cities in France, the Czech Republic, Austria, the Netherlands, Greece and Sweden. The projects included local zero emissions, public and soft mobility, social housing, the development of district heating and cooling based on underground water and the modernisation and rehabilitation of public buildings, including hospitals, primary health centres, concert halls, cultural houses and tourist infrastructure.<sup>14</sup> Even though some projects raise questions, such as support for ski infrastructure in Greece and affordable housing in Sweden, which is related to a lack of housing amplified by the large amount of imported labour staffing the now bankrupt Northvolt factory (see in Section 4), overall, these projects combine strong environmental and social impact. Moreover, their impact could be increased if they were scaled up and more assistance was provided to help local governments set up projects.

Just transition investments under InvestEU produced more mixed outcomes. Certain projects were positive, such as the provision of sustainable and social housing via the municipal housing company in Hannover, Germany.<sup>15</sup> However, **the aim to mobilise private investors for just transition projects also creates negative social effects.** One such example is a project in Spain to build a hospital and retirement homes via the private company Vitalia Homes. Private operators in the health sector have a poor track record of prioritising the needs of patients, and Vitalia Homes' retirement homes had one of the worst mortality rates in the country during the pandemic.<sup>16</sup> Another example is that of a loan to Verkor for battery production for Renault's electric vehicles in France, in which the batteries are part of a for-profit strategy, ignoring broader environmental and social impacts. The project is discussed in more detail in Section 4.

<sup>14</sup> The information is based on data provided by the EIB on its just transition financing

<sup>15</sup> EIB (2022). [Germany: InvestEU - EIB supports social and affordable housing in Hanover with €60 million](#)

<sup>16</sup> Álvaro Sánchez Castrillo (2021). [Uno de los grupos de residencias con más letalidad en Madrid en la primera ola se embolsa un millón por el 'geriátrico covid'](#). InfoLibre.

The Climate Bank Roadmap's strategy aims to support regions and cities in developing countries affected by the transition away from a carbon-intensive economy. The EIB wants to do this by investing in projects that involve **energy efficiency** to tackle energy poverty, low-carbon public transport, support for small- and medium-sized enterprises (SMEs) led by specific population segments (e.g. women, youths, indigenous people), giving small-scale farmers access to climate-resilient agriculture and water practices and climate-resilient urban and rural infrastructure for deprived municipalities.<sup>17</sup> Some projects in the EIB's climate finance seem to fit the description, such as the Bogota sustainable transport project mentioned in Section 3, energy efficiency measures for public buildings in Armenia<sup>18</sup> and a Global Gateway framework loan to build 'green, resilient, inclusive, and competitive' infrastructure in secondary cities in Mongolia.<sup>19</sup> However, **there are no specific instruments or earmarked funds targeting just transition projects outside of the EU.**

In general, the EIB focuses on micro-level issues and overlooks the more systemic barriers to a truly global just transformation. The official objectives and narratives of the EIB's policies include undoubtedly positive objectives, such as ensuring broad access to and benefit from the low-carbon and climate-resilient finance that the EIB provides and building the resilience of the people and employment sectors most vulnerable to climate change.

However, the Bank's current trajectory casts doubt over its ability to deliver on such promises. As the main implementer of the **Global Gateway**, it implements an investment strategy that serves the EU's own commercial and geopolitical goals, such as developing renewables to produce hydrogen, exporting critical raw materials to Europe and supporting energy projects by large European companies without proper technology transfer or ensuring the local population benefits. In general, there is a **lack of willingness** to use the Bank's financing capacity to support public service provision and sustainable local economic activities with high added value that provide quality jobs. Moreover, **the Bank's impact assessments, human rights due diligence, transparency standards and complaint mechanisms are too weak to ensure high-quality projects.**<sup>20</sup>

<sup>17</sup> EIB (2020). [EIB Group Climate Bank Roadmap 2021-2025](#)

<sup>18</sup> EIB (2023). [Yerevan Energy Efficiency Phase II](#)

<sup>19</sup> EIB (2023). [Mongolia Development Of Secondary Urban Centres](#)

<sup>20</sup> Eurodad, Counter Balance and Oxfam (2024). [Who profits from](#)



Finally, as mentioned in Section 3, the Bank reduced its concessional climate finance to almost zero over the past years. In this way, the intervention of **the EIB reinforces already-existing economic injustices for countries in the Global South**, rather than contributing to development objectives and mobilising climate finance for a global just transformation.

**A genuinely just transformation requires a broader approach at the core of all EIB climate and environmental financing.** It must focus on providing accessible high-quality jobs and environmentally friendly solutions. The cost of living crisis in the past years has made access to basic needs even more difficult for low- and middle-income groups. **Thus, the housing, transport and energy sectors are key and the role of public investment vital**, with these sectors often needing support for their decarbonisation even if the projects are not sufficiently attractive for the market.

The EIB's focus on using public lending to boost competitiveness by derisking the private sector's clean technology or decarbonisation projects attempts to make these projects more profitable but ignores the need to **provide essential services for low- and middle-income groups**. The successor of the Climate Bank Roadmap must recognise the key role of the public sector in its climate finance and lay out a clear plan to support local governments and other public actors **to provide sustainable and affordable housing, energy and transport and ensure decarbonisation and support for clean technologies contributes to the provision of affordable access to these essential services.**

The rest of the report is structured as follows. Section 2 explores the methodology the EIB uses to define which sectors, economic activities and technologies it considers to be climate finance and analyses how sustainable these sectors and activities are. Section 3 analyses the EIB's climate and environmental finance, looking at how much funding went to which sectors and activities and how much went to public and private companies. Section 4 examines the EIB's approach towards patents and support for clean technology development. Section 5 gives an overview of the remaining fossil exposure of the Bank and the last section provides conclusions and recommendations for the evaluation of the Climate Bank Roadmap.



# **2. HOW THE EIB DECIDES WHAT IS GREEN: THE BANK'S CLIMATE FINANCE METHODOLOGY**

## The European Investment Bank's climate finance methodology

The EIB bases its climate action classification methodology on the **EU taxonomy**. Outside Europe, the EIB applies joint methodologies developed by multilateral development banks (MDBs) for determining the types of activities they consider as sustainable finance and climate adaptation, as well as criteria taken from the EU taxonomy. The Bank notes that, in some cases, the criteria “will need to be adapted locally” while still following the principles of the EU taxonomy and the joint MDB approach. These exemptions are specifically mentioned for new building construction and renovation, where an alternative approach is suggested on a case-by-case basis or following best energy standards as compared to internationally recognised certification standards.

Based on these documents, the Bank has developed a “list of eligible sectors and eligibility criteria” for climate change adaptation, mitigation and environmental sustainability, which it applies to determine the proportion of a signed project that it considers as substantially contributing to one or more of six environmental objectives.<sup>21</sup> From the three lists, the most extensive and detailed is that of activities considered to be climate change mitigation, which contains 126 concrete activities. The climate change adaptation list considers only 22 activities, and the environmental sustainability list contains 62.

The following section looks at some of the activities included under the climate change mitigation category

### Prolonging the life of fossil fuel infrastructure

One of the key fuels promoted as a ‘clean’ solution to decarbonisation is hydrogen. There are several types of hydrogen, including hydrogen produced entirely using renewables, hydrogen produced using gas and nuclear energy, and hydrogen accompanied by carbon capture and storage. **The EIB policy, in line with the EU taxonomy, allows for the financing of hydrogen production using fossil fuels accompanied by carbon capture and storage systems, or from nuclear power, if these projects meet**

<sup>21</sup> EIB (2024). [European Investment Bank Climate Action and Environmental Sustainability, List of eligible sectors and eligibility criteria](#)

**emission thresholds set by the Bank.** Moreover, most hydrogen today is still produced using fossil fuels, which poses a major risk of greenwashing dirty investments. It is largely promoted by fossil fuel lobbyists under the umbrella of ‘hydrogen-ready’ infrastructure, which risks prolonging the life of fossil infrastructure and the profits of the companies involved, while truly sustainable decarbonisation solutions are sidelined.<sup>22</sup> The EIB’s policy does not exclude ‘hydrogen-ready’ infrastructure from its finance, **and notes that it can still finance gas infrastructure projects that are planned to transport or store low-carbon gases, including the repurposing of existing gas infrastructure.**<sup>23</sup> **These policies rely on the EIB’s assessment of technical feasibility studies and evidence submitted by the promoter. However, given the Bank’s transparency shortcomings, this information is unlikely to be publicly available for independent scrutiny.**

**Hydrogen produced using renewable energy also comes with major challenges.** It is an energy carrier that requires renewable electricity conversion, making its use as a decarbonisation solution extremely energy intensive. Moreover, the process entails major energy losses and inefficiencies. **In this context, it is concerning that the Bank still lacks criteria to ensure that only hydrogen produced using renewable energy is supported and only when it is proven to be the most efficient option and does not divert renewable energy from direct electricity needs** (see Section 5 for more details).<sup>24</sup>

The EIB’s climate finance also includes carbon capture and the permanent underground geological storage and transport of CO<sup>2</sup>. However, support for such solutions risks encouraging fossil fuel investments and prolonging the life of fossil fuel infrastructure.<sup>25</sup> Carbon capture and storage is expensive, risky and has a track record of failed projects, with concerns regarding stored CO<sup>2</sup> potentially leaking back into the atmosphere.<sup>26</sup>

<sup>22</sup> CEO (2023) [The dirty truth about the EU's Hydrogen push](#)

<sup>23</sup> EIB (2023) [Energy Lending Policy](#)

<sup>24</sup> Fossil Free EIB Coalition (2023). [Hydrogen In The Eib's Reviewed Energy Lending Policy](#)

<sup>25</sup> CAN Europe (2020). [EU Sustainable Finance Taxonomy - Draft Delegated Act. Feedback from Climate Action Network Europe to the European Commission's Have Your Say Initiative](#)

<sup>26</sup> Raoof Gholami, Arshad Raza, Stefan Iglauer (2021). [Leakage risk assessment of a CO2 storage site: A review](#). *Earth-Science Reviews*, Volume 223



In addition, **bioenergy and gaseous fuels** are considered climate-friendly by the EIB, but this classification is controversial. The EIB lists electricity generated from bioenergy and gaseous fuels at 100g CO<sub>2</sub>/kWh. According to CAN Europe, this standard is insufficient and should be reassessed at least every 5 years. **Research also concluded that burning forest biomass can harm the climate and the environment as much as burning fossil fuels.**<sup>27</sup> The use of biomass for utility-scale energy production is problematic and should be avoided. The Bank also allows for the financing of electricity production and heating and cooling using gaseous fuels. However, CAN Europe notes that these activities still **harm climate change mitigation objectives**, as they prolong fossil-based high-emitting systems, delay the energy transition and divert resources from energy-saving and renewable-based solutions. This can be addressed through better emission performance criteria, which would prevent support for fossil fuel activities or operations.<sup>28</sup>

### Other polluting and unsustainable activities

The EIB also considers **biogas** to be a climate-friendly solution, despite concerns from civil society and experts about the sustainability of its production.<sup>29</sup> Another issue with regard to the sustainability of biogas includes methane leakage, which causes large methane emissions from the biogas supply chain. According to Feedback Global, the amount of methane currently released relative to total biogas production is higher than that for fossil gas — meaning that **a unit of biogas is more polluting than a unit of fossil gas unless it is more tightly controlled.**<sup>30</sup> Moreover, financing of biogas production **discourages effective climate change mitigation measures** such as waste prevention and consumption reduction, and instead risks incentivising factory-farmed meat production.<sup>31</sup>

In addition, the EIB allows **plastics manufacturing** to be supported by climate finance if it complies with certain emissions thresholds in the process. Plastics

<sup>27</sup> John D Sterman et al. (2018). [Does replacing coal with wood lower CO<sub>2</sub> emissions? Dynamic lifecycle analysis of wood bioenergy](#). *Environ. Res. Lett.* 13 015007

<sup>28</sup> CAN Europe (2020). [EU Sustainable Finance Taxonomy - Draft Delegated Act. Feedback from Climate Action Network Europe to the European Commission's Have Your Say Initiative](#)

<sup>29</sup> CAN Europe (2019). [On The Use Of Gas In The Future Energy System](#)

<sup>30</sup> Foodrise (2023). [The 35 bcm biomethane target](#)

<sup>31</sup> Foodrise (2024). [Biomethane](#)



are traditionally produced from fossil fuels with a highly intensive production process. **Moreover, even if emissions were reduced, new plastics are often single use, exacerbating the existing issue of plastic waste in a sector that is already struggling with overproduction.**<sup>32</sup> With regard to the inclusion of low-carbon technology manufacturing for transport, batteries and other technologies, it is unclear whether all value-chain emissions, including emissions generated in mining and the transport of the minerals used in batteries or other clean technologies, are calculated by the Bank.

**For hydropower, dam construction often causes environmental damage.** Dams leave rivers dry and deprive people of water for cattle, attracting widespread protests.<sup>33</sup> Moreover, large dam constructions create reservoirs that submerge cultivated land and forests rich in organic compounds, the decomposition of which frees large quantities of greenhouse gases (in particular, methane and nitrous oxide, which are 25 and 300 times more damaging than CO<sub>2</sub>, respectively).<sup>34</sup> Finally, **hydropower significantly erodes freshwater biodiversity.**<sup>35</sup> Therefore, instead of assisting in the battle against climate change, the construction of large dams risks accelerating it.

Regarding the renovation of existing buildings, the EIB also follows the EU taxonomy criteria outside of the EU, i.e., it must lead to a reduction in the primary energy demand (PED) of at least 30% or meet building renovation compliance requirements for major renovations. According

<sup>32</sup> FairFin (2022). *Who finances the plastic flood? The money behind INEOS and Borealis*

<sup>33</sup> Counter Balance (2022). *EIB moves to curb intermediated hydropower financing*

<sup>34</sup> Counter Balance (2012). *Campaign against the financing of large dams*

<sup>35</sup> EEB (2020). *Input for Commission Consultation on EU climate taxonomy – Key Points*

to CAN Europe, this threshold is far from sufficient.<sup>36</sup> Moreover, the EIB gives project promoters “flexibility in the calculation of life-cycle global warming potential (GWP) for buildings larger than 5.000 m<sup>2</sup>”, which it justifies by the lack of market readiness and the technical/financial burden on project promoters. Outside of the EU, the EIB makes an exception, noting that where “the split of renewable energy is not possible or if the certification schemes used do not implement such a split, reductions in net primary energy demand through renewable energy sources may be taken into account.”

**In agriculture, the EIB finances livestock projects that improve carbon sequestration through rangeland management and projects that reduce methane or other greenhouse gas emissions from livestock.** This risks greenlighting industrial farming with technical solutions instead of agroecology and consumption reduction.<sup>37</sup> This is particularly alarming as, according to the Intergovernmental Panel on Climate Change (IPCC), between 21%–37% of all greenhouse gas emissions come from the agricultural industry, which is **not compatible with the Paris Agreement’s goal of staying below 1.5 degrees.**<sup>38</sup> Despite this, the EIB’s agriculture financing still extends to industrial-scale projects.<sup>39</sup>

**Transport investments** under the EIB’s climate finance — and in line with EU taxonomy — include high-emission modes such as freight and road passenger transport, transport by motorbikes, passenger cars and

<sup>36</sup> CAN Europe (2020). *EU Sustainable Finance Taxonomy - Draft Delegated Act. Feedback from Climate Action Network Europe to the European Commission’s Have Your Say Initiative*

<sup>37</sup> Ibid.

<sup>38</sup> UCC Green Campus (2021). *Food & Climate Justice* & Mbow, et al. (2019). *Food Security: An IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems.* (p.439).

<sup>39</sup> ActionAid (2024). *The European Investment Bank’s Development And Climate Finance: What’s In It For Sustainable Agriculture?*

light commercial vehicles, as well as low-carbon airport infrastructure. In addition, the Bank has a specific EIB Transport Policy that allows for the financing of carbon-intensive modes of transport and is not yet aligned with the objectives of the Paris Agreement despite the fact that three quarters of all CO<sup>2</sup> emissions from transport in Europe come from road transport. To address this, funding for motorways, highways, sea port expansions and technologies such as alternative fuels for vehicles should be ended.<sup>40</sup> The inclusion of unsustainable modes of transport undermines the sector's decarbonisation and diverts resources from proven sustainable solutions with social benefits like rail transport or public transport powered by electricity generated from renewable resources, as well as soft mobility. For instance, the EU taxonomy allows for the financing of vehicles producing CO<sup>2</sup> emissions up to 50gCO<sup>2</sup>/km, contrary to the demands of the climate organisation European Environmental Bureau to reduce them to zero to comply with the EU's 2050 targets.<sup>41</sup> At the same time, **the EIB does not set clear targets for a highly necessary reduction in traffic.**<sup>42</sup>

Lastly, in terms of **digital investments**, the EIB's climate action includes data processing, hosting and related activities — sectors that are well documented for their damaging environmental footprint.<sup>43</sup> According to research, the 'Cloud' infrastructure has a larger carbon footprint than the airline industry, and one data centre can consume electricity amounting to that of 50.000 homes.<sup>44</sup> Criticism has been raised with regard to the insufficiency of criteria in the EU taxonomy rules for data centres, including unclear environmental footprint and unsustainable energy demands.<sup>45</sup> Therefore, the EIB classifying this sector under climate finance is questionable at best.

<sup>40</sup> Bankwatch Network, Counter Balance, Greenpeace, Urgewald (2022). [Making the EIB a Driver of Green Accessible Transport](#)

<sup>41</sup> EEB (2020). [Input for Commission Consultation on EU climate taxonomy – Key Points](#)

<sup>42</sup> Bankwatch Network, Counter Balance, Greenpeace, Urgewald (2022). [Making the EIB a Driver of Green Accessible Transport](#)

<sup>43</sup> Hillary Zorman (2024). [The Environmental Impact of Data Centers – Concerns and Solutions to Become Greener](#). Park Place Technologies

<sup>44</sup> The Shift Project (2019). [Climate crisis: the unsustainable use of online video](#)

<sup>45</sup> Nathan Eddy (2024). [AI Data Centers Pose Regulatory Challenge, Jeopardizing Climate Goals – Study](#). Data Center Knowledge



# 3. CLIMATE AND ENVIRONMENTAL FINANCE



## An overview

Under the Climate Bank Roadmap, the EIB's climate and environmental finance has risen steadily, reaching almost 60% of the bank's annual lending in 2024. However, despite these improvements, significant flaws remain in the Bank's business model and methodology. In this report, we provide an in-depth analysis of the 2023 data on climate and environmental finance provided by the EIB, making additional calculations based on those figures.<sup>46</sup> We also add other trends and projects from 2024 where possible. Moreover, we review the general trends of the EIB's climate finance, and then focus on a few prominent sectors, including transport, renewable energy and energy efficiency, as well as projects for affordable and sustainable housing.

## Most climate finance comes from the public sector

As noted above, the EIB places considerable emphasis on mobilising private investors to enhance the competitiveness of and derisk cleantech development and innovation. However, the public sector remained the largest borrower of climate and environmental loans, accounting for €20.3 billion, while private companies borrowed €16.9 billion in 2023.

Table 1: Climate Finance Borrowers in 2023

Climate finance borrowers	Share
Public	45,7%
Private	38,1%
Intermediaries	16,1%

In general around a third of EIB lending does not go directly to the company or institution implementing the project, but moves via other public and private financial intermediaries, which, in turn, lend the money to smaller companies, local governments and other small-scale actors. While 30% of the total lending from 2023 was carried out via financial institutions, only 16% of the Bank's climate and environmental finance moved via banks and investment funds.

When looking at different sectors, we also see big differences in the roles of the public and private sector

in attracting EIB climate loans. Renewable energy and research and development activities are almost exclusively financed through private companies and financial intermediaries, while loans for transport are mainly disbursed via the public sector. The public sector is also the largest borrower for energy efficiency projects, particularly those targeting affordable housing.

**In 2023, the EIB issued €44.3 billion in loans categorised as climate and environmental finance, with €41.8 billion defined as climate action and €21,7 billion as environmental action.** Combining the climate and the environmental finance gives a higher figure than the climate and environmental finance figure because the EIB counts both climate and environmental action in the same project. For example, the EIB considers a €150 million loan to finance trains and rail infrastructure in the Nouvelle Aquitaine region in France to fully count as climate finance (i.e., all €150 million), but €123 million also counts as environmental finance. For the rest of the analyses, we will focus on the Bank's climate finance.

Climate finance consisted almost exclusively of **mitigation activities** (94%). The primary mitigation sectors financed were transport and related infrastructure (trains and metro, but also roads and ports, which account for one third of mitigation investments), renewable energy projects (wind, solar, transmission grids and biomass plants), and energy efficiency measures (for companies and the renovation of housing and public buildings). The remaining share of lending for climate mitigation fell into the category 'other', which covers various activities, such as support for giga-battery production for electric cars. Research and development activities accounted for only 5% of the total, with very small amounts directed to wastewater management and afforestation.

Table 2: EIB's climate finance in 2023

Mitigation	93,6%
Transport	34%
Renewable energy	21,8%
Energy efficiency	21%
Other	15%
Research and development	4,5%
Wastewater management	1,8%
Afforestation	0,1%
Adaptation	6,4%

<sup>46</sup> The data provided by the EIB were not audited by the Bank and might have been reviewed after this publication.

## The European Investment Bank's climate adaptation finance in 2023

The EIB defines 'adaptation activities' as those related to coastal management and flood defence, climate resilience in cities and the protection of food systems and critical infrastructure. While these projects are increasingly important and rely heavily on public investment due to their generally lower profitability compared to mitigation efforts, they account for a small proportion of the Bank's climate finance (6.4%).

Despite the slight increase in adaptation finance over the last years, **the Bank is still far from the 15% target outlined in the Climate Bank Roadmap review.** The EIB cites the lack of revenues from adaptation projects as one of the reasons for failing to meet the target.<sup>47</sup> In light of this, it is not surprising that the public sector plays a larger role in EIB's climate adaptation finance, with 10% of climate finance going to adaptation. Private sector and financial institutions' borrowing for adaptation is virtually non-existent in EIB's portfolio, contributing 4% and less than 1%, respectively.

The fact that the public sector is the largest recipient of the EIB's climate finance is in line with the global trend. Out of a total of \$1415 billion in climate finance in 2022, \$730 billion came from public institutions, while private investors only provided \$463 billion, despite holding over 80% of the \$340 trillion in global financial assets.<sup>48</sup>

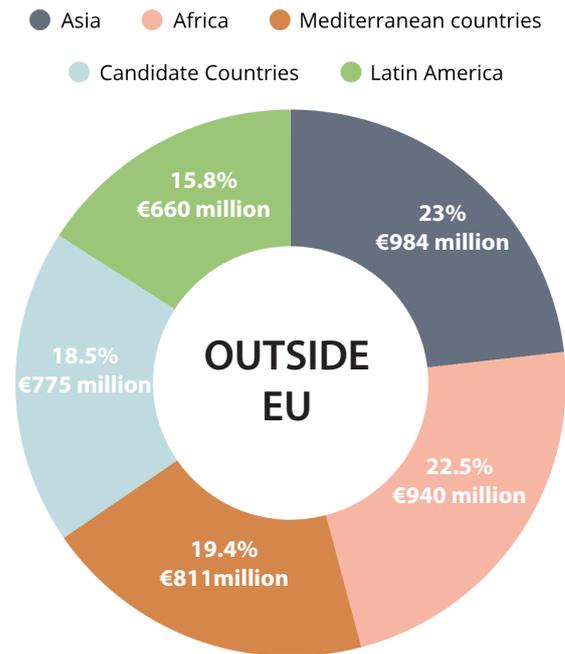
## The geographical distribution of climate and environmental finance

The EIB's climate and environmental lending follows the same geographical distribution as its overall financing, with the vast majority — €40 billion — allocated to EU Member States, while only €4 billion was allocated outside of the EU. This external lending is distributed as follows: Asia 23% (€984 million), Africa 22.5% (€940 million), Mediterranean countries 19.4% (€811 million), candidate countries 18.5% (€775 million), Latin America 15.8% (€660 million).

<sup>47</sup> EIB (2023). [EIB Group 2023 Climate Bank Roadmap Progress Report](#). (p.3)

<sup>48</sup> Thomas Marois, Maria Jose Romero, Ali Riza Gungen, Lavinia Steinfort (2024). [Fostering a global public financial ecosystem for development and climate action](#). T20 Policy Brief

Figure 1: EIB's climate and environmental geographical distribution outside EU



**Within the EU, transport remains the leading sector, while outside the EU, renewables dominate, accounting for 36% of the lending.** In contrast, almost no financing goes to energy efficiency or research and development activities outside the EU, but afforestation and climate adaptation receive a comparatively higher share (21%). Additionally, compared to its lending within EU Member States, a larger part of the EIB's climate finance outside the EU is public. For example, more than half of the lending for renewable energy development outside the EU is directed through the public sector. At the same time, the **EIB continues to support highly profitable European companies with large projects for renewable energy investments abroad.** In 2023, the Bank approved €270 million in loans to Enel — an Italian energy giant that reported €3,4 billion in profits that year — for projects across Latin America. These were part of a larger, multi-year loan package, partially guaranteed by the Italian export credit agency SACE. The involvement of the export credit agency again highlights the focus on commercial interests over the provision of local benefits.<sup>49</sup>

**The Paris Agreement calls for a balance between mitigation and adaptation finance and notes the need for public finance (and grants).** Therefore, it is important to increase the EIB's amount of adaptation finance and its support of public actors.<sup>50</sup>

<sup>49</sup> EIB (2025). [Enel Energy Efficiency & Renewables FL \(LATAM\)](#)

<sup>50</sup> UN (2015). [Paris Agreement](#)

The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into

In 2024, the EIB also approved a guarantee for a loan for what it described as “the world’s first debt-for-climate-resilience operation” in Barbados. The project is part of the EU’s Global Gateway and it is further backed by an EFSD+ guarantee.<sup>51</sup> Debt-for-climate swaps are mechanisms allowing a part of a country’s debt to be restructured on condition that the money saved is used for climate measures or nature protection. In this case, public money freed up by restructured debt will support the upgrade of a sewage treatment plant. However, it is a Canadian company developing the project and reaping the benefits.<sup>52</sup> This approach has received considerable criticism. Even the International Monetary Fund (IMF) has recognised that debt-for-climate swaps offer less efficient fiscal support than grants and/or debt restructuring.<sup>53</sup>

**These mechanisms are slow, complex, costly, and they provide no substantial debt reduction and fiscal space for much-needed climate and development investments.** A more effective response to the debt crises would be ensuring the EIB’s approach to climate-resilient debt clauses is comprehensive and fair. They announced they would start at the end 2023, but it is not clear what has happened since.<sup>54</sup>

The EIB recognises that lower-income and developing countries are more impacted by climate change while having the least resources to deal with the shocks to their social and economic systems and that, as a result, climate loans in these countries must be concessional.<sup>55</sup> However, **the EIB has substantially decreased the share of concessional loans and equity of its total climate lending: it declined from 19% in 2017 to 2% in 2021. Furthermore, only 11% of the Bank’s development climate finance is directed to the least developed countries (LDCs).**<sup>56</sup>

*account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation.*

51 EIB (2024). [Barbados launched the world’s first debt-for-climate-resilience operation](#)

52 Business Barbados (2023). [Barbados’ Climate-Resilient Future: EU Backs Innovative Infrastructure Upgrade](#)

53 Eurodad (2023). [Miracle or mirage: are debt swaps really a silver bullet?](#)

54 EIB (2023). [COP28: President Hoyer at the Presidency roundtable on climate resilient debt clauses: A call to action](#)

55 EIB (2020). [The EIB Group Climate Bank Roadmap 2021-2025](#)

56 CAN Europe (2024). [Assessing International Climate Finance by the EU and Member States: Key Insights for Shaping the New Climate Finance Goals](#)

## The limits of the derisking model

For a bank that promotes the derisking model in its climate finance, it is striking that the public sector is still the largest recipient of these loans.<sup>57</sup> The fact that a lot of the necessary climate finance is not commercially interesting is central to this. In particular, loans for adaptation projects and projects outside of the EU are generally disbursed via the public sector and are considered more risky and less attractive for private investors. The EIB’s transport sector climate loans also predominantly go to public transport and infrastructure. Moreover, the public sector similarly finances most projects for affordable housing. **The public sector undoubtedly has a distinct advantage: it can mobilise large-scale funding without a profit motive, which makes it a better candidate for many of the much needed high-risk, low-return climate investments.**

Beyond scale considerations, **the public sector also creates better conditions for climate investments to deliver benefits for society as a whole, whereas private sector climate finance will often privatise the benefits of the project.** This is evident in private renewable energy lending, where profits are concentrated among corporate actors rather than benefiting the wider population. However, this does not mean that all of public lending is inherently better. As evidenced in projects like the Tyrrhenian Link and renewable energy speculation in Sardinia, public energy infrastructure is sometimes based around a privatised energy market logic — building assets that ultimately pave the way for the private sector to reap the profits, excluding the local population from the economic benefits. This approach increases the risk of poorly planned renewable energy development. Moreover, some of the public companies involved are often partly owned by private investors, making them subject to their profit expectations.

**The derisking mantra — the idea that public institutions must work with private capital because they lack sufficient funds — is misleading.** On the one hand, public investment resources have been weakened due to privatisation, as seen in the energy sector, as well as self-imposed austerity. On the other hand, the private sector has repeatedly failed to invest at

<sup>57</sup> The EIB does not provide this information. Based on the data the Bank provided, we made our own calculations by categorising loans according to whether the project promoters were public or private companies, or financial intermediaries.

the scale and with the urgency needed to achieve a just transformation. As shown in a joint MDB climate finance report,<sup>58</sup> efforts to mobilise private capital for climate action have largely fallen short, especially in middle- and low-income countries. Equally, the targets set by the G20 for the mobilisation of \$240 billion in private finance for infrastructure are far from being achieved. In 2022, for example, MDBs and development finance institutions (DFIs) only managed to mobilise \$71 billion of private capital.<sup>59</sup>

The private sector often finds measures insufficiently profitable or too risky, and there is only so much derisking can do to entice them. This does not mean that the private sector has no role to play, but if we want to achieve just economic transformation, we should first recognise the benefits of **public–public cooperation**. Instead of bending to private profit expectations that conflict with social and environmental goals, we must curtail polluting business models and demand higher standards from private actors. **Public support by the EIB must be conditional on private companies and investors demonstrating how both their specific projects and their overall business models align with economic transformation that protects the environment and delivers high-quality, affordable services and decent jobs.**

## Where the money goes: A breakdown by sector

This section explores some of the subsectors of the EIB's climate finance: transport, energy and housing. Each of these sectors is not only crucial for decarbonisation, but is also directly connected to essential public services, such as sustainable and affordable housing, energy and mobility. This analysis examines the development model guiding the projects, their environmental impact and their contribution to a just transformation.

### I. Transport

The large majority of the EIB's transport lending is directed to public transport, which includes trams, trains, buses and railway infrastructure. **Public transport lending**

<sup>58</sup> EIB (2023). [Multilateral development banks \(MDBs\) provide record climate finance of close to \\$61 billion for low and middle-income economies in 2022](#)

<sup>59</sup> IFC (2024). [Mobilization of Private Finance by Multilateral Development Banks and Development Finance Institutions in 2022](#)

**accounts for 60% of total public sector climate and environmental finance**, and the overall transport lending is more than a quarter of all the EIB's climate and environmental finance. Projects such as the development of new trolley bus lines and zero-emission buses in Verona, Italy,<sup>60</sup> the construction of a new metro line in Bogotá, Colombia,<sup>61</sup> and the expansion of train stations in Madrid, Spain, have the potential to significantly improve and decarbonise the transport system. As public transport is more democratically accessible than private forms of transport, it also has more potential to contribute to **a transition that does not exclude lower-income communities**. However, to truly deliver for people regardless of their income, these projects should specifically demonstrate affordability for end users. At the time of writing, only the bus project in Italy makes specific mention of this.

Some of the public transport funding also goes to privatised public transport. One concerning example is that of a loan to support the Polish privatised railway company PKP to buy new rolling stock. This loan may have contributed to ill-informed investment decisions by the company, which is now struggling after acquiring rolling stock for a type of transport that is no longer in demand.<sup>62</sup>

Finally, the EIB categorises public transport projects as 100% climate finance. While public transport certainly benefits the climate, these projects are developed for a variety of reasons, such as improving mobility and accessibility for people. The various purposes of the projects should also be reflected in the way these loans are categorised by the EIB and, as such, **public transport should only partially be counted as climate finance.**



<sup>60</sup> EIB (2021). [Amt Verona Trolleybus Project](#)

<sup>61</sup> EIB (2018). [Bogota Sustainable Transport FLs](#)

<sup>62</sup> EIB (2020). [Cargo Rolling Stock Modernisation & Railtarget \(2024\). PKP CARGO in Crisis: Mismanagement, Investment Errors, and Questionable Deals Addressed by MP](#)

## Climate finance for roads

© Durmus Kavcioglu

In 2023, the EIB provided a total of **€2.2 billion for road infrastructure**, with €130 million being categorised as climate and environmental finance. Thus, this sector represents a significant portion of the EIB's investments. However, the rationale behind categorising these loans as climate finance remains unclear. **If the EIB aspires to live up to its own definition of being a 'climate bank', it should not classify these investments as climate finance and stop financing road infrastructure.**

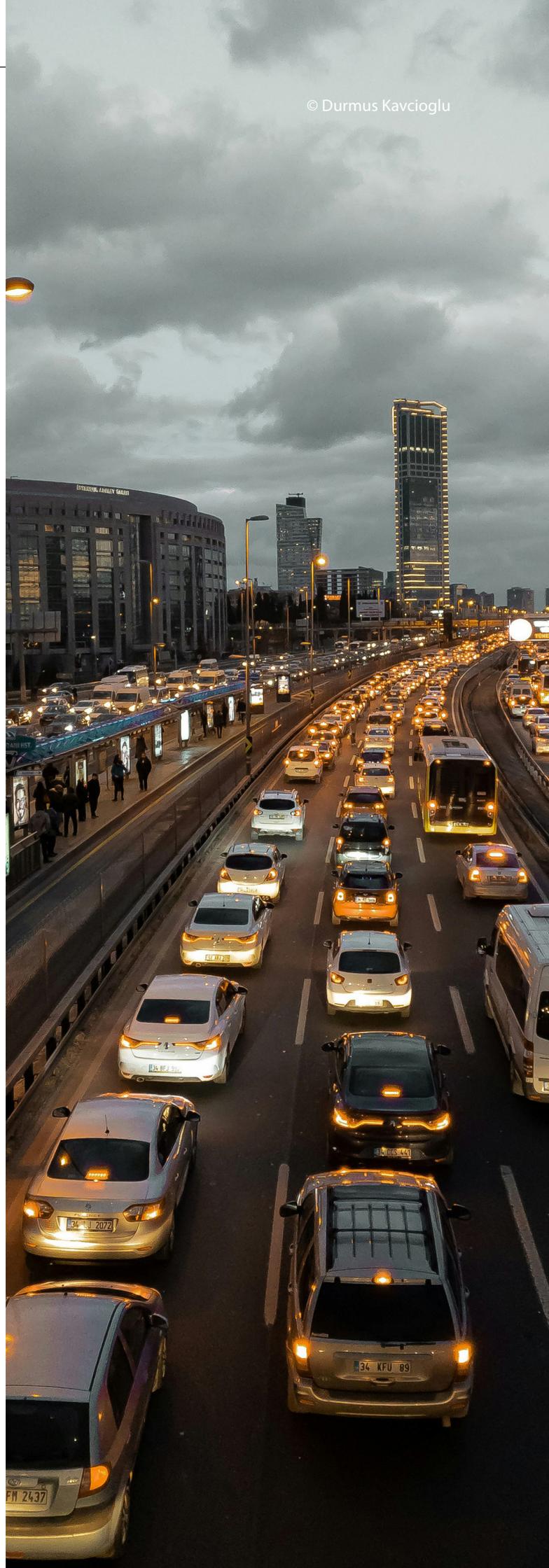
Other road-related climate finance includes **electric vehicle (EV) charging infrastructure**, such as a loan to Moeve (formally CEPESA), a Spanish oil and gas company.<sup>63</sup> This multinational is benefitting from fossil fuel activity exclusions that the EIB adopted, as its activities are not in line with the Paris Agreement. The EIB granted these exceptions to companies involved in renewable energy and EV charging infrastructure projects as part of its support for REPower EU (see Section 5 for more details).

Finally, a portion of the EIB's transport climate finance includes support for **SMEs and midcaps for 'clean vehicles'**, such as a €100 million loan to Crédit Agricole to support the deployment of 'cleaner vehicles'.<sup>64</sup> These schemes not only pursue privatised profits in relation to transport decarbonisation, but also support hybrid vehicles, which have a greater environmental impact than commonly assumed. **Research suggests that hybrid vehicles can pollute more than regular combustion engines if users do not primarily rely on the electric-powered mode.**<sup>65</sup> In relation to this, it is worth noting that the EIB also made large investments in electric car battery production, though these projects were not categorised as transport investments by the Bank (see Section 4 for more details).

<sup>63</sup> EIB (2023). [New Mobility Charging Network Spain And Portugal](#)

<sup>64</sup> EIB (2023). [CA Mobility Loan 4SMES & Midcaps Climate Action](#)

<sup>65</sup> T&E (2020). [Plug-in hybrids in new emissions scandal as tests show higher pollution than claimed](#)



## II. Energy

**In 2023, the EIB allocated €5.5 billion — more than 60% of its total €9.1 billion in energy loans — to private-sector renewable projects.** This reflects the EU's largely liberalised and privatised energy market, where reliance on the private sector is hindering a move to a more affordable, decarbonised energy sector. Following its ban on unmitigated fossil fuels, renewable energy generation has come to dominate the EIB's energy lending.

However, this does not mean that its public investment strategy is the fastest, most effective route to developing a decarbonised and affordable energy system. **Market-driven renewable energy development is constrained by private investor short-term profit expectations as many factors make renewable energy less profitable in the long run.** In his book *The Price is Wrong*, Brett Christophers argues that the lower prices of renewable energy do not necessarily make developing wind or solar energy more profitable. This results in companies and the financial sector choosing against investing in renewables on the scale needed to decarbonise the energy system. Instances of an overabundance of electricity from renewables creating low and even negative electricity prices are becoming more frequent and are disrupting the renewable energy production business model, which, in turn, leads to slower investment in renewables.<sup>66</sup>

We also see that the EIB lends large sums to private energy companies who have abundant resources. **The EIB has lent around €2 billion to both Iberdrola and Enel since 2023, primarily for the production of renewables and grid connections.** These companies made €4.8 and €3.4 billion in profits, respectively, in 2023 and are largely able to finance renewable energy development on their own. At the very least, the EIB should have asked Iberdrola to reinvest the €1.9 billion it paid in dividends that year into further renewable energy projects and consumer affordability. Moreover, **both companies still operate extensive fossil fuel activities**, with Enel continuing to expand its gas business, yet they both remain compatible with EIB's PATH Framework (see Section 5 for more details).

Finally, the dominance of private borrowers in EIB's renewables lending only coincides with a small portion of the renewable energy projects financed in 2023 with

an explicit goal to provide affordable energy.

A more effective approach would be to leverage the EIB's favorable lending conditions to support public and local actors that lack a profit motive. Lower profitability due to lower prices is less of a problem for these entities. They can invest in renewables even when projected returns fall short of the private sector's high short-term profit expectations. In addition, **any support for either public or private companies should come with strong conditions concerning reinvesting profits, ensuring affordability, creating quality jobs and delivering local economic benefits.**

### The crucial role of grids in a coherent and socially just transformation

Banking on the private sector to build out the renewable energy system also raises planning challenges. Large-scale renewable deployment requires upgraded grids, new transmission lines and expanded interconnectors to transport electricity. In the largely privatised European energy sectors, energy production, transmission and distribution are often provided by different companies who each make their own investment decisions. This has led to chronic underinvestment in grid infrastructure development, delaying renewable energy projects that cannot secure timely grid connections. **According to the European Commission's Grid Action Plan, €548 billion of investment is needed by 2030.**<sup>67</sup>

**The profit-driven nature of private energy production also leads to geographic mismatches.** While natural factors like wind or sun play a role, the price of land is crucial, especially for windmills. This results in the tendency to build renewables where land is cheapest, often far from population and economic centres, even though that is where electricity will be mostly consumed. This creates the need to transport more electricity, which leads to higher electricity prices for the consumers. Grid operators apply different tariffs for energy producers depending on how remote they are from energy consumption. These tend to only cover some of the extra costs of energy transmission but do not fully offset the extra costs nor are high enough to incentivise better planning.<sup>68</sup>

<sup>67</sup> European Commission (2023). [Commission sets out actions to accelerate the roll-out of electricity grids](#)

<sup>68</sup> Christophers, Brett (2024). *The price is wrong. What capitalism won't save the planet.* Verso books

<sup>66</sup> José A. González (2025). [Electricity price chaos slows rollout of renewable energy projects in Spain.](#) Sur in English

The Draghi report calls for more grid development and acknowledges the fact that 'optimal' geographical areas for wind and solar production are often far from where energy is consumed. However, it fails to differentiate between natural constraints and land price arbitrage, nor does it address whether the proposed Renewable Acceleration Areas (RAAs)<sup>69</sup> definition challenges this issue or not.

In a joint position,<sup>70</sup> the European Trade Union Confederation (ETUC) and European Public Service Union (EPSU) argue that **limiting the need for extensive grids can be achieved by promoting a balanced approach to energy generation and consumption at the national and regional levels, taking into account current regional production and distribution. This includes developing decentralised energy systems that can generate power close to where it is consumed, thus reducing transmission losses and grid congestion.**

Moreover, they advocate for the public sector and public finance having a significant role in planning the electricity grid. **Publicly managed grids offer lower refinancing costs and more stable long-term planning, unlike private operators who are driven by short-term financial targets.** The Draghi report recommends that the Commission work with the EIB and other public banks to derisk private investments in grids.<sup>71</sup> **However, this strategy runs the risk of further reinforcing poor planning incentives and neglecting local needs for a just transformation.**



© Terna

<sup>69</sup> The European Commission (2024). [The Draghi report on EU competitiveness](#)

<sup>70</sup> EPSU, IndustriAll (2024). [An EU Grids Action Plan for a Just Energy Transition: EPSU and industriAll Europe joint recommendations](#)

<sup>71</sup> The European Commission (2024). [The Draghi report on EU competitiveness](#)

### Box 1: The Tyrrhenian interconnector and renewables speculation in Sardinia

The controversy surrounding the Tyrrhenian interconnector — a subsea electricity cable linking Sardinia and Sicily to mainland Italy — **illustrates how allowing renewables developers to choose the cheapest land can create huge imbalances and local resistance.** The EIB is financing the project with a €1.9 billion loan, which aims to increase the amount of electricity that can be transported for consumption on the Italian mainland and allow for a more flexible integration of renewable energy sources. The Bank claimed that the cable project will help to phase out coal, which has a 1 GWt capacity in Sardinia<sup>72</sup>. However, not only will gas play a large role in replacing coal, but large-scale renewables expansion on the island is primarily geared toward **energy export rather than local benefit.**

The approval of the interconnector has led to a flood of requests for renewables permits to build large renewable energy plants on the island, which amount to 56 GW, including from Enel and ENI. This sparked widespread concerns about **land dispossession, minimal compensation<sup>73</sup> and lack of economic benefits for locals,** and led to a massive wave of protests and the regional government's moratorium on new renewable energy constructions.<sup>74</sup> At the time of writing, there were twice as many requests for new renewable energy permits in Sicily or Sardinia than in Northern and Central Italy combined.

This speculative rush stems from Italy's 'Energy Hub' strategy, launched under former Prime Minister Draghi, which envisions the south — particularly the two islands — as a renewable energy supplier for the wealthier north.

The 56 GW of proposed projects is six times the amount

<sup>72</sup> EIB (2022). [Tyrrhenian link](#)

<sup>73</sup> The Environmental and Social Data Sheet (ESDS) of the project states that a local consultation process on the project has been concluded, which consisted of two online public consultations. It also mentions that the promoter's strategy is to buy the land rather than expropriate it. Several locals did not even receive a formal communication concerning the plan but received offers to buy up their land, which is often agricultural land and is under threat. They claimed that the decision to buy the land was taken to speed up the process.

<https://www.eib.org/attachments/registers/155550423.pdf>  
<https://irpimedia.irpi.eu/senzasegnale-sardegna-sulcis-energie-rinnovabili/>

<sup>74</sup> ReCommon (2022). [New ReCommon report: gas cancels Sardinia's just transformation](#) & Monica Pinna (2024). [Renewable energy speculation brewing a storm in Sardinia](#). Euronews

outlined in Italy's National Energy and Climate Plan (NECP) and far exceeds the capacity of planned transmission cables in the future. However, it is important to note that even the amount of renewables outlined by the government would be mainly for export. Moreover, the sheer volume of requests has encouraged the Italian grid operator Terna to push for additional investments to strengthen both the internal networks and the cables that connect it to the mainland.<sup>75</sup>

**This strategy contradicts the potential of renewables to decentralise energy systems and instead deepens Italy's north-south economic divide.**

As the EIB has asked to expand its electric grid financing, it must ensure these investments align with a **balanced just transformation strategy**.

The local population resisting the speculative wave of requests to build renewables on their island is not opposed to clean energy, but they demand a say in decision-making and a fair share of the economic benefits.<sup>76</sup>

## Biomass and questionable climate solutions

**Biomass** is often promoted as a climate-friendly energy source, but its overall impact can be **highly polluting**, especially when sourced from forests, as discussed in Section 2.

In 2023, the EIB financed two biomass district heating projects in Brno, Czechia,<sup>77</sup> and Castilla y León, Spain,<sup>78</sup> using forest biomass. Similarly, in 2024, the EIB supported a project to replace coal with biomass in an electricity production plant. However, the Bank's disclosures often **lack transparency** regarding biomass sourcing and use. **The EIB should exclude the use of biomass for utility-scale energy production and strengthen its criteria. Moreover, it should prioritize genuinely renewable solutions, such as waste heat recovery for district heating, where it has already financed successful projects.**<sup>79</sup>

<sup>75</sup> Raffaele Angius, Piero Loi (2024). [La resistenza del Sulcis contro la colonizzazione verde](#). IrpiMedia

<sup>76</sup> Monica Pinna (2024). [Renewable energy specuLa resistenza del Sulcis contro la colonizzazione verde - IrpiMedia](#) [mediation brewing a storm in Sardinia](#). Euronews

<sup>77</sup> EIB (2022). [Environmental and Social Data Sheet](#)

<sup>78</sup> EIB (2023). [Environmental and Social Data Sheet](#)

<sup>79</sup> Bankwatch Network (2021). [How can the EIB and the EU finan-](#)

## III. Housing

Affordable housing projects are part of the EIB's climate finance for energy efficiency. In 2023, climate finance for housing projects that targeted affordable, public or social housing amounted to €1.1 billion, rising to nearly €1.3 billion in 2024. While it represents a small portion of overall energy efficiency lending, affordable housing has gained prominence both for the EIB and the European Commission, which plans to launch a pan-European investment platform for affordable and sustainable housing with the EIB and other financial institutions. This initiative will be complemented by the EIB's action plan on affordable and sustainable housing, which, at the time of writing, has not been made public yet.

**This financing is crucial to achieve a just transformation, as building renovations are key to achieving decarbonisation.** While making houses more energy efficient pays off in the long term through lower energy bills, it requires upfront funding for renovations. This creates an additional barrier for lower- and middle-income households, who are already struggling from rising housing costs. In the EU in 2023, housing costs exceeded 40% of disposable income for 10.6% of households in cities and 7% of households in rural areas. Between 2010 and 2022, rents rose by 18% on average,<sup>80</sup> with over 1.3 million people facing homelessness.

Among the financed projects, 10 were explicitly designated for **affordable or social housing**, most of which were provided by public companies or via public banks. However, the definition of affordable housing is vague, and as the housing crisis worsens, much social and affordable housing offers rent below market prices, but that is still too expensive for those most in need. **Some loans explicitly target low-income or vulnerable groups, such as a €500 million loan for social housing via the public French bank Caisse des Dépôts et Consignations<sup>81</sup> and a €300 million loan to Berlin's public housing company Gewobag, which also includes kindergartens and other care facilities in the surrounding area.**<sup>82</sup> Another project in France is allocated via the cooperative bank Arkea. It does not specifically target low incomes;

[cial mechanisms support the decarbonisation of district heating?](#)

<sup>80</sup> European Parliament (2024). [Rising housing costs in the EU: the facts \(infographics\)](#)

<sup>81</sup> EIB (2023). [CDC Booster Logement Social MBIL](#)

<sup>82</sup> EIB (2022). [Gewobag Life Cycle Housing And Care Berlin](#)

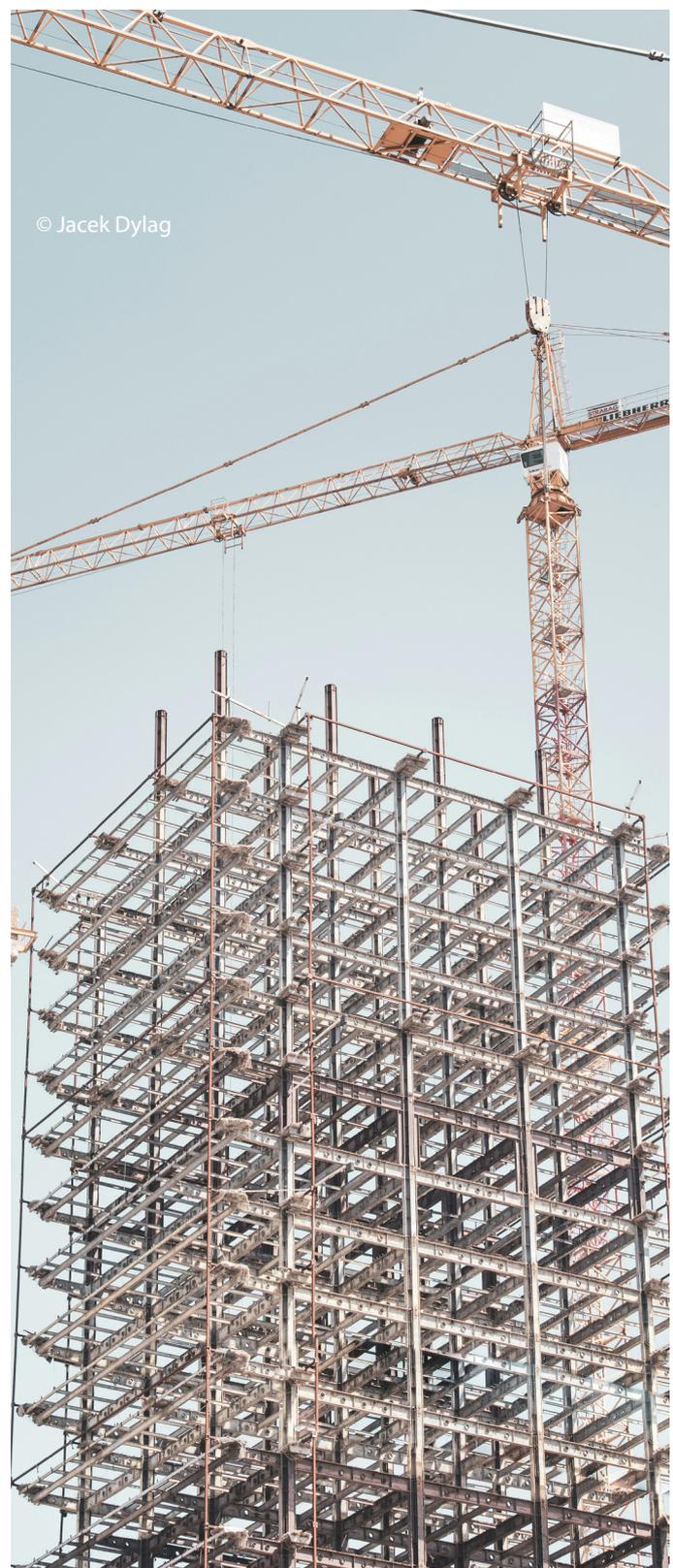
however, it finances local authorities to support a variety of **renewable energy, social housing and soft mobility projects**, involving local actors such as labour unions in the process.<sup>83</sup>

For the other affordable housing projects, **it is less clear which income groups will be able to access the housing**. In 2023, the EIB gave its first loan for the refurbishment and construction of new affordable housing to a private real estate investment company in Milan. While it is clear that some of the housing units will have agreed rents and other housing units will be rented below the market price, none of the housing will be offered at the lowest social housing tariffs.<sup>84</sup> In 2024, this trend to finance affordable housing with private companies continued.

**In its Strategic Roadmap, the EIB mentioned the ambition to increase financing for affordable and sustainable housing by working with both public and private investors. This raises concerns as to which income groups will be the main beneficiaries of the EIB's future affordable housing lending, as there is very limited profitability in social housing for low incomes.** The EIB currently defines rent in relation to market prices rather than income levels, overlooking the disproportionate burden of housing costs on low-income groups. Instead, **it should take into account the differentiated burden of housing costs on different income groups and family structures.** Low-income groups are at risk of marginalisation in housing projects aimed at the middle class.<sup>85</sup> To avoid such risks, **the EIB should set concrete targets concerning the share of projects focused at housing for the most vulnerable and low-income groups.** This is especially important as the EIB will play an important role in the Pan-European Investment Platform for affordable and sustainable housing.<sup>86</sup>

The **EIB–CDC social housing loan** is a good example of a collaboration between the EU and its Member States to finance affordable housing for low-income populations. The European Alliance for Sustainable and Inclusive Social Housing — comprising the EIB, the Council of Europe Bank (with a strong social mission), the French public bank

CDC and a French social housing union — could serve as a model for the EU investment platform for affordable and sustainable housing that reaches those that need it most.<sup>87</sup> **To achieve this, the EIB must make a clearer commitment to prioritising public investment in housing for the most vulnerable through its policies and lending decisions.**



<sup>83</sup> EIB (2024). [ARKEA Efficacite Energetique FL](#)

<sup>84</sup> EIB (2022). [Milan EE Affordable Housing](#)

<sup>85</sup> FEANTSA (2024). [Affordable for whom?](#)

<sup>86</sup> European Commission (2025). [European Commission and EIB group lay foundations for a new pan-European investment platform for affordable and sustainable housing](#)

<sup>87</sup> CEB (2021). [The European Alliance for Sustainable and Inclusive Social Housing launches a first wave of €650 million long-term financing](#)



# **4. CLEANTECH: INNOVATION AND PATENTS**

## What cleantech is and who benefits?

Cleantech innovation plays a key role in the EU's ambitions to boost its competitiveness, as demonstrated in the recent Green Deal Industrial Plan and the Net Zero Industry Act. The EIB Group considers itself to be 'Europe's innovation champion' and plays a key role in financing cleantech initiatives, both internal and together with EU programmes.<sup>88</sup> It is evident that the European leaders want the Bank's investments in the area to grow in the future, as noted in the new political guidelines for the Commission as well as in the Strategic Agenda of the European Council for 2024–2029. Moreover, Mario Draghi's influential report also encourages the EIB to deploy equity finance to boost investments in cleantech manufacturing.

The EIB's approach to climate finance is based on cleantech solutions and is motivated by the importance of technology for the EU economy. According to the EIB's President Nadia Calviño, the EIB can "foster the development and adoption of cutting-edge technologies that will allow for greener, fairer growth and a sustainable future."<sup>89</sup>

The economic opportunities associated with clean innovation patenting and commercialisation drive green transition policies — including the EIB's climate finance — and are built around the notion of green growth.<sup>90</sup> Cleantech's position as the fastest growing patent application sector highlights its importance in the EU's climate policies.

**In this report, the term clean technology refers to processes, products and services aiming to reduce or end negative environmental impacts by improving energy efficiency, deploying sustainable resources, reducing pollution and waste or dealing with the negative impacts of climate change (climate adaptation).** However, their categorisation as 'clean' should not be understood as sustainable purely because of their proposed relevance for green energy transition. **Many of these technologies are material and resource intensive**, such as batteries, solar panels and renewable-based hydrogen. The EIB also allows financing for fossil-based hydrogen, increasing the risk of hydrogen

infrastructure investment greenwashing by the corporate lobby.

Clean innovation covers a wide range of technologies. According to a recent report from the EIB and European Patent Office on cleantech patents,<sup>91</sup> **low-carbon energy is the predominant group in terms of the number of patents, including technological solutions in renewable energy generation and storage.** Mobility solutions such as EVs or 'green' shipping are the second most prominent group. Other sectors in order of patent numbers include plastics recycling and alternatives, manufacturing, buildings, climate adaptation, information and communication technology (ICT), hydrogen technologies, wastewater treatment and waste management, smart grids and carbon capture and storage.

Global competition over cleantech markets and supply chains is intensifying, particularly in securing access to raw materials. **Globally, 22% of clean and sustainable technologies came from the EU in the years 2017–2021.** Other key cleantech competitors are Japan (21.1%), the US (20.2%), China (15.6%) and South Korea (10.1%). The rest of the world accounted for only 6.5% in 2021. Moreover, in 2021, China surpassed the EU in terms of the annual number of cleantech patents.

Within the EU, Germany is a leading EU patent holder, accounting for nearly 37% of Europe's cleantech patents, followed by France, the Netherlands and Italy with a larger gap. Four German companies — Robert Bosch, Siemens, Siemens Energy and BASF — are the only EU companies in the list of top 20 global applicants in cleantech for the period 2017–2021. Indeed, very large corporations contribute the most to cleantech patenting, while the majority of the innovators are companies with less than 5000 employees. Micro and small innovators tend to rely on larger firms to commercialise the technologies, who end up capturing substantial benefits.<sup>92</sup>

<sup>88</sup> EIB (2023). [EIB to support Green Deal Industrial Plan with €45 billion in additional financing](#)

<sup>89</sup> EIB (2024). [New EPO-EIB study: EU single market is a key catalyst for scaling clean and sustainable technologies](#)

<sup>90</sup> Hamza Hamouchene (2023). [Desertec: What Went Wrong?](#) EcoMENA

<sup>91</sup> EIB (2024). [Financing and commercialisation of cleantech innovation](#)

<sup>92</sup> *Ibid.*

## Financing for innovation

The EIB aims to increase innovation and incentivise investments from private companies by supporting the commercialization of 'clean' technologies. This strategy takes place in the context of the **EU's market-based approach to climate policies and a desire to boost Europe's economic growth in the era of decarbonisation**. The EIB, on its own and in cooperation with the European Commission, relies on a **derisking approach** aiming to crowd in the private sector and mobilise private finance with the **guarantees** provided under the EIB or the EU budget.

The EIB plays a key role in several EU financing programmes that support cleantech, such as InvestEU or REPowerEU. Indeed, according to the EIB, EU budget mandates and guarantees have delivered a higher risk-taking capacity to the bank and multiplied the effect on private investment.<sup>93</sup>

*"The public sector has a key role to play by de-risking investments in research and development (R&D) and disruptive technologies and supporting the de-carbonization of traditional industries and SMEs, as well as and [sic] backing farmers and citizens in the process of adapting to and mitigating the impacts of climate change." EIB Strategic Roadmap 2024–2027*

For instance, with a guarantee from InvestEU, the EIB has signed a **€40 million financing agreement with the Dutch climate tech scale-up company Battolyser Systems for the mass production of its patented integrated battery electrolyser system, for large industry and small- and medium-sized businesses to deploy green hydrogen.**<sup>94</sup>

Another example is the EIB's **€35 million loan backed by InvestEU to Exeger, a Swedish company, with the aim of scaling up patented dye-sensitised solar cell production technology**. This converts indoor and outdoor light into electricity and enables electronic appliances with low consumption to become self-powered, exhibiting "superior performance and characteristics compared to existing alternatives on the market".<sup>95</sup>

<sup>93</sup> EIB (2024). [EIB Group 2024-2027 Strategic Roadmap](#)

<sup>94</sup> EIB (2023). [Netherlands: €40 million European backing for Dutch hydrogen innovator Battolyser Systems](#)

<sup>95</sup> EIB (2023). [Sweden: InvestEU — EIB signs loan agreement worth up to €35 million for scaling up Exeger's cutting-edge solar cell technology](#)



The EIB and the European Commission have also established a dedicated partnership to support investments in the **EU's battery manufacturing sector**. Under this arrangement, the Commission provides guarantees to EIB's projects through its InvestEU programme from the EU Innovation Fund, in addition to €1 billion in grants for EV battery cell manufacturing projects via the Innovation Fund. With the EIB committing €1.8 billion, a total of €3 billion of public funds are expected to be made available for developing the European battery industry. This follows the EIB's €6 billion in financing for this sector between 2019 and 2024.<sup>96</sup> The EIB has supported several battery manufacturing projects (see Box 2) to help expand Europe's domestic battery production capacity.

According to the EIB, financing for such projects is complex and risky due to volatile prices for raw materials and a decreased demand for EVs — partly driven by the “ending of subsidies and tax benefits for the purchase of electric vehicles in many European countries.”<sup>97</sup> Despite that, the Bank argues the production capacity has to increase from 78 gigawatt hours at the end of 2021 to between 600 and 800 gigawatt hours by 2030.<sup>98</sup> The batteries account for between 30% and 50% of an EV's cost, highlighting the sector's financial importance.

However, **Europe still lacks domestic companies with full EV battery production capacity, and car makers are relying on a handful of foreign leaders**. For instance, the EIB financed LG's gigafactory in Poland.<sup>99</sup> It also signed a loan for a gigafactory in Douai, France, developed by Automotive Energy Supply Corporation (a joint venture involving Nissan, Japan's Tokin, and China's Envision), with the hope to support EU-based battery industry and knowledge spillovers.<sup>100</sup> However, to date, there are only

<sup>96</sup> EIB (2024). [European Commission and EIB announce new partnership to support investments in the European battery manufacturing value chain](#)

<sup>97</sup> EIB (2024). [Giga-push for European batteries](#)

<sup>98</sup> Ibid.

<sup>99</sup> EIB (2020). [EV Battery Gigafactory Poland](#)

<sup>100</sup> EIB (2022). [Douai EV Battery Gigafactory](#)

three European battery gigafactory projects: Northvolt in Sweden, and Verkor and Automotive Cells Company (ACC) in France.

In April 2024, the EIB granted a €270 million loan to Verkor to help build a gigafactory in Dunkirk near the port, with the support of InvestEU, after previously financing its innovation centre. **In total, Verkor raised over €3 billion in funds**, and the site is planned to become operational in 2025.<sup>101</sup> One of the company's shareholders is Renault, who plan to source batteries for its EVs from the site. Its founder was an investment manager at Meridiam — an asset management company with a long-standing flow of funds from the EIB — who claims to have been inspired by a ‘pitch’ from Northvolt to produce batteries for electric vehicles before launching Verkor.<sup>102</sup>

Recently, the EIB also announced a creation of a new **‘Strategic Tech-EU’ programme**, under which the Bank will participate in the European Commission's industrial initiatives, investing in the value chain of net zero and other key technologies (such as AI, chips, life science, neurotechnology, etc.). The aim of the programme is to **accelerate digitalisation and disruptive technological innovation and investment in Europe's industrial capacity**. Strategic Tech-EU will cover the entire value chain, including **raw materials** — a sector which the EIB resumed financing in 2024 after a 10-year break due to the negative track record of its previous mining projects.<sup>103</sup>

Beyond its joint cooperation with the Commission, the EIB also supports clean innovation through its own loans, venture debt and equity finance. One key initiative is the **European Tech Champions Initiative (ETCI)**, proposed by France during the country's EU presidency in 2022. It is a ‘fund of funds’ of €3.85 billion that aims to increase

<sup>101</sup> Groupe BPCE (2024). [Verkor Gigafactory to arise in France's “Battery Valley”](#)

<sup>102</sup> EIB (2024). [Giga-push for European batteries](#)

<sup>103</sup> Joint Civil Society Letter (2024). [Enhancing Transparency In Eib's Critical Raw Materials Financing](#)

the financing capacity of existing European large-scale venture capital funds and mobilise over €10 billion overall for larger equity investments to scale up high-tech companies (including, but not explicitly targeting, cleantech). The goal is to retain such firms in Europe instead of seeing them acquired by foreign investors who could later benefit from the patent rights. Initial contributions were raised from France, Germany, Spain (€1 billion each), Italy (€150 million), Belgium, (€100 million) and the EIB (€500 million), and managed by the European Investment Fund (EIF) — an EIB Group institution for SME financing, which counts the EIB, the EU and private banks amongst its shareholders.<sup>104</sup>

This fund benefits **large EU companies** aiming to raise investments above €50 million and funds that can reach €1 billion with the ETCl's support. **Smaller EU countries have pushed for more equitable geographical financing, but as global competition remains the aim of the fund, this is unlikely to materialise.**<sup>105</sup> So far, ETCl-backed funds have been approved in four funds (France, Germany, Italy and Pan-European) committing €883 million, and it has allocated €993 million of ETCl funds to nine companies in France, Germany, Italy, the Netherlands and Spain.<sup>106</sup>

In addition to the ETCl, the EIB has supported a fund with equity finance named Breakthrough Energy Ventures (BEV-E), established in 2019 in partnership with the European Commission via the InnovFin programme and BEV. It is a €100 million pilot fund that invests in “groundbreaking technologies to decarbonise every part of the economy.”<sup>107</sup>

### Box 2: The EIB's Northvolt battery gigafactory support

The expansion of Northvolt's gigafactory for the production of circular batteries in Sweden — praised by the EIB as a flagship project for climate innovation and the largest ‘green loan’ raised in the EU to date — is a good example of such cleantech investments.<sup>108</sup>

<sup>104</sup> EIB (2023). [Launch of New Fund of Funds to Support European Tech Champions](#)

The EIF also has a Cleantech Co-Investment Facility, which is a €200 million equity co-investment instrument. <https://www.eif.org/what-we-do/equity/cleantech-co-investment-facility/index.htm>

<sup>105</sup> Luca Bertuzzi (2023). [EU launches Tech Champions Initiative to keep European ownership of scale-ups](#). Euractiv.

<sup>106</sup> EIF (2024). [The European Tech Champions Initiative](#)

<sup>107</sup> EIB (accessed 2025). [Breakthrough Energy Ventures Europe](#)

<sup>108</sup> EIB (2024). [Sweden: EIB finances Northvolt's battery factory with over \\$1 billion](#)

The megaproject, which includes investors such as BlackRock or Goldman Sachs, has been promoted as a leading example of the EU's competitiveness strategy in cleantech based on securing the fast scale-up of large companies. Northvolt's expansion plans were supported by €363 million under InvestEU and a loan of €942 million from the EIB to create “a substantial contribution to the development of the EU-based battery industry and related skilled jobs in Europe”.<sup>109</sup>

However, in November 2024, Northvolt filed for bankruptcy in the US. According to Northvolt's workers, it failed because “it sought to do too much, too fast”.<sup>110</sup> Employees also reported mismanagement and numerous safety violations that exposed them to dangerous chemical products. A police investigation is currently looking into several deaths among workers.

Despite reaching only 1% of its production capacity at that time, Northvolt has amassed giant debts to pursue ambitious expansion projects to quadruple its key factory, while building other gigafactories and running other investment projects, despite its clear financial troubles. According to the company, the bankruptcy filing will allow it to “continue its mission to establish a homegrown, European industrial base for battery production.”<sup>111</sup>

The EU is currently reliant on a handful of foreign companies for access to EV batteries. While there is a clear rationale in supporting the EU's battery production for electric vehicles, questions arise about what kinds of projects should be supported by the EIB to make the best use of public resources. Should the Bank finance entities involving big private profit-seeking institutions such as Black Rock? Should the EIB's investment decisions be driven by innovation and competitiveness, or should they include an assessment of how a project meets the needs of a large number of people? Should the EIB fund entities which can guarantee quality jobs and adequate labour conditions for its workers?

**Without a transparent and strategic approach, there is a risk that public funds will continue to flow into projects with shaky foundations that prioritise corporate profits over long-term public benefit.**

<sup>109</sup> InvestEU (2023). [Northvolt EIT Expansion - Large Scale Battery Plant](#)

<sup>110</sup> Richard Milne, Jamie John, Mari Novik (2024). [How Europe's battery champion descended into crisis](#). The Financial Times

<sup>111</sup> Indrabati Lahiri (2024). [Northvolt files for bankruptcy in major blow to European EV sector](#). Euronews

© Jakob Pabis

## Issues with this approach

An aspect that does not feature in the EIB's climate finance for cleantech innovation is the energy intensity of new technology, which could put an additional burden on electricity demand. **While electrification and renewable energy rollout are key components of decarbonisation, sectors with most public benefits — such as heat pumps replacing fossil gas heating or electrified public transport — should be prioritised over luxury products.** These investments should be guided by an overarching strategy aimed at resource-use reduction, including energy and raw materials. This is particularly urgent as, in 2023, over half of all increases in electricity demand came from electric vehicles (EVs), electrolysers, air conditioning, data centres and heat pumps.<sup>112</sup>

Moreover, **this approach risks wasting public funds on concessional loans, grants and guarantees for private-sector cleantech projects that rely on subsidies to maintain high profit margins for the project promoters** — as is the case with hydrogen or CCS. This is particularly worrying when public funds are provided to fossil fuel companies that lobby for these solutions but invest minimally in cleantech in comparison to their ongoing polluting activities. Given their abundant profits and carbon footprint responsibilities, fossil fuel giants should be compelled to invest into decarbonisation themselves (which could presumably help weed out false solutions at the same time). Instead, the industries are able to avoid the costs of such technologies.<sup>113</sup> For instance, the EIB finances hydrogen stations in Greece, developed by a Greek fossil fuel company Motor Oil Hellas, which may include fossil-based hydrogen.<sup>114</sup>

Thus far, the EIB has financed one CCS project, which has a high risk of failure. **In April 2025, the Bank gave a €260 billion loan to Stockholm Exergi for a large-scale bioenergy plant with CCS.** The project promoter, Beccs Stockholm, plans to capture CO<sup>2</sup> from biofuels, which will then be transported to Norway to be stored under the bedrock of the North Sea, in collaboration with the Northern Lights project, a joint venture between Equinor, Shell and TotalEnergies.<sup>115</sup> According to a critical analysis

<sup>112</sup> Ember Energy (2024). [Global Electricity Review 2024](#)

<sup>113</sup> Holly Jean Buck (2023). [The Carbon Capture Distraction](#). Dissent Magazine

<sup>114</sup> EIB (2023). [Environmental and Social Data Sheet](#)

<sup>115</sup> EIB (2025). [Sweden: EIB finances ground-breaking carbon capture plant in Stockholm](#)

by Follow The Money informed by external experts and sources involved in the project, the Northern Lights project faces significant challenges, such as a lack of transport capacity and high costs, which may hinder the project's storage capacity and plans to scale up.<sup>116</sup> The Institute for Energy Economics and Financial Analysis (IEEFA) analysed 13 CCS projects around the world and concluded most had failed or could not reach their targets.<sup>117</sup>

In addition, contrary to the European policies promoting hydrogen, the EIB seems to recognise the financial and implementation pitfalls of hydrogen projects, with the Bank only financing 10 hydrogen projects, mostly pilot projects, in 2023 and 2024.

## Justice for the Global South

The current patent framework — where a small number of companies from rich countries control the vast majority of patents — has been criticised for obstructing climate action. **By impeding innovation and technology transfer, it hinders the rapid deployment of climate solutions that are urgently needed to address the climate crisis.**<sup>118</sup> In total, 97% of all patents are held by corporations in high-income countries. This imbalance means **the Global South countries pay more for access to technologies they might otherwise have obtained more affordably, or even for free.**<sup>119</sup> The globalisation of the Global North's technological transition is crucial if we are to have meaningful global climate repercussions, and a green technology transfer based on a reviewed intellectual property rights regime is essential.<sup>120</sup>

Recognising the problems with the patent framework in the context of addressing climate change, the UN's Secretary General António Guterres remarked that renewable technologies have to be treated as “essential and freely available global public goods”, and stressed

<sup>116</sup> David Haas (2025). *Crossroads for carbon capture? Landmark European climate project risks falling short*. FTM

<sup>117</sup> IEEFA (2024). *CCS hype and hopes sinking fast*

<sup>118</sup> Reto M Hilty, Pedro Henrique D Batista (2023). *Potential and Limits of Patent Law to Address Climate Change*, GRUR International, Volume 72, Issue 9, Pages 821–839 & Silvia Weko, Andreas Goldthau (2022). *Bridging the low-carbon technology gap? Assessing energy initiatives for the Global South*. Energy Policy. Volume 169

<sup>119</sup> Jason Hickel, Christian Dorninger, Hanspeter Wieland, Intan Suwandi (2022). *Imperialist appropriation in the world economy: Drain from the global South through unequal exchange, 1990–2015*. Global Environmental Change. Volume 73

<sup>120</sup> Bradlow, B.H., Kentikelenis, A (2024). *Globalizing green industrial policy through technology transfers*. Nat Sustain 7, 685–687

that “removing obstacles to knowledge sharing and technological transfer — including intellectual property constraints — is crucial for a rapid and fair renewable energy transition.”<sup>121</sup> The United Nations Framework Convention on Climate Change (UNFCCC)<sup>122</sup> recognises this, and it is set out in Article 10 of the Paris Agreement.<sup>123</sup>

Historically, the roots of intellectual property laws lie with the empires which imposed external laws on local populations in territories they controlled for their own benefit.<sup>124</sup> **Neocolonial patterns are reproduced as a wide majority of cleantech patents are held by companies in the Global North.** The core–periphery divide is stark in relation to the Global South in this sector. It also results in widening global inequality in cleantech value chains, as the Global South countries are promoted as consumer markets for the well-subsidised technologies from the rich countries.<sup>125</sup>

Some Global South countries have been taking steps to secure local added value from green transition, such as Brazil and Indonesia.<sup>126</sup> However, development finance programmes such as **the EU's Global Gateway aim to create market opportunities for European cleantech with little evidence of technology transfer and the creation of added value locally.** Under this model, high-added value productive sector development that could

<sup>121</sup> Lavinia Steinfert, James Angel (2023). *Energy Transition Mythbusters: Myth #5 Intellectual property rights help facilitate the energy transition*. TNI

<sup>122</sup> “All parties... shall: (c) Promote and cooperate in the development, application and diffusion, including transfer, of technologies... that control, reduce or prevent anthropogenic emissions of greenhouse gases...” and “The developed country Parties... shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention...” *United Nations Framework Convention on Climate Change, Article 4 Commitments*.

<sup>123</sup> “... collaborative approaches to research and development, and facilitating access to technology, in particular for early stages of the technology cycle, to developing country Parties.” and “Support, including financial support, shall be provided to developing country Parties for the implementation of this Article, including for strengthening cooperative action on technology development and transfer at different stages of the technology cycle, with a view to achieving a balance between support for mitigation and adaptation.” *Paris Agreement*.

<sup>124</sup> Birnhack, Michael (2021). *A Post-Colonial Framework for Re-searching Intellectual Property History*, in Irene Calboli, and Maria Lillà Montagnani (eds), *Handbook of Intellectual Property Research: Lenses, Methods, and Perspectives*

<sup>125</sup> Daniela Gabor (2022). *The Wall Street Consensus at COP27*. Phenomenal World

<sup>126</sup> Gov.br (2024). *Brazil launches new industrial policy with development goals and measures up to 2033*, & Rachmi Hertanti and Marius Troost (2024). *The EU's lust for Indonesia's nickel supply*. Euobserver

provide decent jobs as a part of a just transformation is sidelined.<sup>127</sup>

If the EU and other global leaders are serious about a fair green transition, they must move beyond rhetoric and commit to systemic changes — ensuring that climate solutions are not just exported, but developed and owned by the Global South.

## Core-periphery divide

The core-periphery divide is not just a global issue, it is also pronounced inside the EU between richer and poorer countries. Wealthier European economies lead in cleantech innovation, while Eastern and South European countries have limited cleantech development.<sup>128</sup> With regard to the green transition, this poses major risks in terms of exacerbating socio-economic inequalities and dependency on Western European capital, whereby the peripheral EU countries risk becoming cheap labour providers and cleantech consumers instead of developing their own capacities in the supply chain with higher added value. This risk is underlined by the data in the 2024 EIB-European Patent Office (EPO) report: according to the research, 61% of EU cleantech firms aim to expand across other EU markets to secure growth opportunities.<sup>129</sup>

For instance, the Central and Eastern European countries are becoming points of interest for the expansion of EV battery and vehicle production sites for foreign companies. The EIB, for example, financed the South Korean LG battery gigafactory in Poland, while Volvo or Volkswagen are planning EV production in Slovakia. Moreover, the shift to EVs is projected to cause severe job losses in Czechia and Slovakia as a result of its impacts on the local network of current suppliers. In Slovakia, 4.5% of all jobs may be lost due to the EV transition.<sup>130</sup> This highlights **the need for a just transformation that takes into account cleantech development that is not driven by profit but is based on social and environmental benefits.**

<sup>127</sup> *Financial Times* (2024) [Will Kenya get a bite of the green tech boom?](#)

<sup>128</sup> Petter Dahlström, Hans Lööf, Fredrik Sjöholm, Andreas Stephan (2023). [The EU's Competitive Advantage in the 'Clean-Energy Arms Race'](#). Research Institute of Industrial Economics

<sup>129</sup> EIB (2024). [Financing and commercialisation of cleantech innovation](#)

<sup>130</sup> Bloomberg (2024) [Big European car industry is jeopardized by electric vehicles](#)



The background of the slide is a photograph of an industrial facility, likely a refinery or chemical plant, during sunset. The sky is filled with large, dark clouds that are illuminated from below by the setting sun, creating a dramatic, golden glow. In the foreground, the silhouettes of various industrial structures, including storage tanks and distillation columns, are visible against the bright sky. A prominent feature is a tall, slender smokestack on the right side of the image, which is emitting a thick plume of white smoke that drifts to the left. A large, semi-transparent yellow diagonal shape cuts across the image from the top right towards the bottom left, partially overlapping the industrial scene and the text box.

# **5. PARIS-ALIGNED IN THEORY, NOT IN PRACTICE**

## Fossil fuel exposure

After years of urgent calls from civil society and climate activists, **in 2019, the EIB became the first multilateral bank to end the financing of fossil fuels. By introducing the PATH Framework** — the EIB's plan to support the Paris Alignment of Counterparties — the Bank no longer finances companies that extract new unconventional oil and gas resources or begin new coal operations. The Framework also requires companies to develop decarbonisation plans to secure a loan. If a company does not have such a plan, it has 12 months to submit it, pending the EIB's loan approval.

**Box 3: The PATH Framework assumes that the corporate strategy is aligned with its requirements if:**

- **The company is rated as aligned by leading independent organisations (such as the Science Based Target Initiative and Transition Pathway Initiative) and this assessment has been publicly disclosed; or**

- **The company outlines its alignment strategy containing:**

1. A mid-term, rolling, quantitative emission reduction target with an annual linear emission reduction rate equal or greater than 4.2%, or an explanation of how the derivation of the target aligns with national and international climate targets; and

2. A long-term plan to achieve carbon neutrality by 2050.<sup>131</sup>

However, **the PATH Framework contains major loopholes that allow financing to companies that are far from being Paris-aligned.** The EIB is, therefore, continuing to support companies and investors that contribute to climate change.

- **Fossil fuel companies without decarbonisation plans can benefit from EIB funds.** In fact, they are still allowed to receive funding for specific projects without needing to have plans that are aligned with the Paris Agreement. They can also expand their oil production or engage in the most polluting forms of fossil fuel activities, such as opening new coal mines, coal fired power plants, extracting oil from tar sands, drilling near the Antarctic and producing shale gas.<sup>132</sup> The exceptions to the EIB's fossil fuel restrictions apply in cases where financed projects cover carbon

capture, utilisation and storage, renewable hydrogen, advanced biofuels, deep geothermal and floating offshore wind. In November 2022, the EIB expanded this exception in the PATH Framework to renewable energy projects and electric vehicle charging infrastructure in the EU until 2027 as a part of its extended support to REPowerEU. Under this exception, companies can receive funding for these projects as long as they do not plan new greenfield investments in coal power plants or mines. However, they can still start new unconventional oil and gas activities or engage in new oil and gas drilling investments in the Arctic region. According to an EIB official, this exemption would allow the Bank to finance "a greater number of clean energy projects with a wider range of clients and utility companies".<sup>133</sup>

- **Financial intermediaries remain sidelined.** The use of intermediated operations is an integral part of the EIB's business model and the amount of these operations keeps increasing over time. This means that the Bank does not lend directly to a project, but instead uses intermediary institutions like commercial banks and equity funds. These intermediaries account for a third of the EIB's portfolio and the entirety of the EIF (a major branch of the EIB Group). Instead of requiring intermediaries to have decarbonisation plans in place, the EIB only requests them to disclose their financial exposure to the risks of climate change, following the standards set by the [Task Force on Climate-Related Financial Disclosures](#). The actual content of this disclosure is essentially irrelevant, as the EIB can still give funds to financial intermediaries that invest in fossil fuels. This weak oversight means a significant share of the EIB's lending still cannot be considered Paris-aligned.<sup>134</sup>

- **Loopholes in hydrogen financing.** The EIB allows for financing of non-renewable-based hydrogen. Thus, fossil fuel companies can still access EIB funding for non-renewable-based hydrogen projects. The EIB's Energy Lending Policy (ELP) includes vague language on 'low-carbon hydrogen', allowing continued support for hydrogen production from fossil fuels.<sup>135</sup> Under the ELP, the EIB maintains support for the production of low-carbon hydrogen as well as to "gas infrastructure projects that are planned to transport renewable or low-carbon gases,

<sup>133</sup> *Financial Times* (2023) [The olive finance debate is back](#).

<sup>134</sup> Clara Bourgin (2021). [EIB set to continue financing polluters despite opposite public claims](#). Counter Balance

<sup>135</sup> EIB (2023). [EIB Energy Lending Policy Supporting the Energy Transformation Version with updated technical annexes - May 2023](#)

<sup>131</sup> EIB (2021). [PATH Framework, point 4.1, page 8](#)

<sup>132</sup> Civil Society Position Paper (2022). [EIB Backtracks On Path To Becoming Climate Bank](#)

including the rehabilitation and adaptation (repurposing) of existing infrastructure under this goal.” This policy enables the EIB to finance hydrogen production using fossil fuels with carbon capture and storage (so-called ‘blue hydrogen’). As it is in line with the EU taxonomy, this means that the Bank can finance gas-based hydrogen projects, including infrastructure such as gas pipelines and plants, which are advertised as suitable for future hydrogen use. The PATH Framework further reinforces these loopholes by permitting fossil fuel companies to receive funding for such projects, prolonging the life of dead-end solutions and fossil fuel infrastructure.

- **Limited scrutiny of decarbonisation plans.** The PATH Framework fails to request EIB clients to have clear exit plans for oil, gas and coal. This is particularly worrisome as many of the ‘net-zero’ pledges presented by carbon-heavy companies amount to little more than greenwashing. In addition, it lacks requirements for short-term plans, such as binding reduction targets for the following three to five years, for which the corporate management can be held accountable. The plans are not made public on the EIB’s website; thus, assessing the credibility of decarbonisation plans and guaranteeing they do not rely on offsetting and hypothetical promises based on future targets remains a particular challenge. Moreover, the PATH Framework does not outline mechanisms to suspend EIB loans when its clients do not respect targets set in their decarbonisation plans.<sup>136</sup>



© Exponent

<sup>136</sup> Clara Bourgin (2021). *EIB set to continue financing polluters despite opposite public claims*. Counter Balance

#### Box 4: The European Investment Bank’s Financing of PGE under the PATH Framework Exemption<sup>137</sup>

The EIB’s loans to Polska Grupa Energetyczna (PGE), Poland’s state-owned and largest coal-dependent energy utility, highlight how exemptions under the PATH Framework allow major oil, coal and gas corporations to continue their environmentally destructive practices.

A long-term client of the EIB, PGE’s track record in energy production is far from clean. As Poland’s largest coal-heavy energy utility, it is responsible for about 40% of the country’s electricity generation. PGE produces energy, both electricity and heat, on a massive scale. According to CEE Bankwatch Network research, only 7.6% of PGE’s electricity production in 2023 came from renewable sources.<sup>138</sup>

PGE is also the largest lignite producer in Poland and remains one of Europe’s biggest carbon dioxide emitters. It operates two open-pit mines, in Bełchatów and Turów, that extracted 38.4 million tonnes of lignite in 2023. The company also owns and operates the notorious 5.3 GW Bełchatów power plant, the largest brown coal-fueled facility in Europe.

The same year, PGE, along with other Polish energy utilities, launched a controversial anti-EU ‘light bulb campaign’. Huge billboards displayed across the country promoted a campaign falsely blaming 60% of energy production costs on EU climate policies. The Polish Advertising Council ruled the campaign breached standards of reliable advertising due to its false claims and concluded that the campaign’s real aim was to reduce the responsibility of the energy companies for the increase in energy prices.<sup>139</sup>

**In December 2022, the EIB signed a €725 million loan to support PGE’s electricity distribution network,**<sup>140</sup> requiring the company to publish an updated decarbonisation plan within a year, in accordance with the PATH Framework.<sup>141</sup> Companies rated as aligned with the Paris targets by independent organisations such as the Transition Pathway Initiative (TPI), or those that

<sup>137</sup> Bankwatch Network (2023). [European Ombudsman urges European Investment Bank to enhance transparency – once again!](#)

<sup>138</sup> PGE (2023). [Sprawozdanie Zarządu z działalności PGE Polska Grupa Energetyczna S.A. oraz Grupy Kapitałowej PGE za rok 2023](#)

<sup>139</sup> Bankwatch Network (2023). [European Ombudsman urges European Investment Bank to enhance transparency – once again!](#)

<sup>140</sup> EIB (2022). [PGE Electricity Distribution](#)

<sup>141</sup> EIB (2022). [The EIB Group PATH Framework](#)

meet the framework's conditions, are not obligated to report their strategies to the EIB. For integrated power utilities like the PGE, the framework demands that their decarbonisation plans cover all activities, including coal mining. The TPI assessed PGE as being non-aligned with the Paris emissions target in the short term.<sup>142</sup>

Despite this, the EIB failed to ensure PGE's compliance. At the time of the loan agreement, PGE's existing strategy titled "PGE Strategy 2030" (adopted in 2020) was not submitted for EIB appraisal under the PATH Framework.<sup>143</sup> Instead, the Bank reviewed PGE's Management Board Report for 2021<sup>144</sup> and concluded that it lacked references to offsetting targets or the social safeguards of stakeholders, such as employees and local communities.<sup>145</sup>

In August 2023, PGE publicly announced an updated version of its 2020 climate neutrality strategy, where it outlined several actions to achieve net-zero emissions by 2040.<sup>146</sup> However, just a week later, PGE withdrew the updated strategy amid political pressure. Ultimately, PGE failed to present a new or updated alignment plan as agreed with the EIB. Instead, it delivered a presentation outlining the progress of the 2020 strategy.<sup>147</sup>

It is important to note that both the original and updated strategies included plans to spin off all coal assets into a separate state-owned company. This move, which would supposedly facilitate financing for new investments, would not reduce actual emissions but merely shift them off PGE's books. A crucial part of the PGE's presentation is a disclaimer stating that "all data presented in the Decarbonisation Pathway assume coal assets carve-out. Therefore, all decarbonization effects are the result of PGE's actions, not a transfer of emissions out of the group." This suggests that PGE is presenting an unrealistic baseline scenario, assuming the coal assets have already been shifted to a different entity, even though this has not occurred yet. Moreover, the company still intends to sell and distribute electricity from these coal assets, meaning their emissions must still be accounted for in

<sup>142</sup> TPI (2024). [Carbon Performance of PGE](#)

<sup>143</sup> The Strategy does not assume climate neutrality in 2030 but in 2050 and it assumes coal assets carve-out.

<sup>144</sup> PGE (2022). [PGE Management Board Report on activities of PGE Polska Grupa Energetyczna SA and the Capital Group of PGR in 2021](#).

<sup>145</sup> EIB letter to CEE Bankwatch Network, 13 March 2024

<sup>146</sup> PGE (2023). [Przyjęcie aktualizacji Strategii Grupy PGE do 2030 roku](#), accessed 23.02.2024

<sup>147</sup> PGE (2023). [Presentation PGE 2023 Decarbonisation Pathway](#)

any decarbonisation plan. Emission reductions can only be claimed if the assets are actually closed, not just sold, and PGE cannot exclude coal asset emissions from its plans simply because it lacks a plan to phase them out.

Alarming, in a response to CEE Bankwatch Network, the EIB confirmed that the presentation document submitted by PGE complies with the PATH Framework, meets previously unmet conditions, and covers all activities, including coal mining. The EIB also confirmed that the requirement to make the strategy publicly available to all stakeholders was met, even though the document is only available in English.<sup>148</sup>

Moreover, **PGE's lack of a credible decarbonisation plan** was met by a lawsuit filed in 2020 by Greenpeace against PGE — the largest such lawsuit ever filed in Poland — demanding the company stop all fossil fuel investments.

PGE's case highlights the limitations of the EIB's PATH Framework in ensuring that its counterparties are taking meaningful steps to decarbonise their operations. The Framework does not prevent them from using accounting tricks to evade real climate action. While the PATH Framework acknowledges the challenges some companies may face in their decarbonisation journeys, allowing them to reference future actions, such as replacing old capital assets with zero-emission alternatives and selling off coal assets, is not a credible decarbonisation strategy.<sup>149</sup>



<sup>148</sup> EIB letter to CEE Bankwatch Network, 13 March 2024

<sup>149</sup> See, for example, Urgewald, "7 Criteria for Credible Coal Phase-out Plan"; Global Coal Exit List



In effect, **the Bank continues to finance companies with a high proportion of coal in their power and heat generation portfolios**, such as the Czech-based ČEZ Group, the German multinational RWE, PGE and Endesa, as well as the biggest **European energy companies** operating in the fossil fuel sector, including the EDF Group, TotalEnergies, Repsol, Eni, Orlen, Enel, Terna, Naturgy, Iberdrola, Snam and Engie. While most financed projects focus on renewable energy development and electricity transmission and distribution, **a number of these companies keep developing oil and gas projects** — investments that are irreconcilable with the urgent need to decarbonise the energy sector.

Table 3: Projects supported by the EIB under the PATH Framework in 2023

Project name	Promoter	EIB finance
New Mobility Charging Network Spain and Portugal <sup>150</sup>	Compañía Española de Petróleos (Cepsa, renamed Moeve)	€150 million
Estonian renewables investments <sup>151</sup>	Enefit Green	€180 million
Cadiz REPowerEU Solar Energy <sup>152</sup>	Compañía Española de Petróleos (Cepsa, renamed Moeve)	€80 million
Repsol REPowerEU Wind & Solar <sup>153</sup>	Repsol	€575 million
<b>Total finance</b>		<b>€985 million</b>

<sup>150</sup> EIB (2023). [New Mobility Charging Network Spain And Portugal](#)

<sup>151</sup> EIB (2023). [Estonian Renewables Investments](#)

<sup>152</sup> EIB (2023). [Cadiz RepowerEU Solar Energy](#)

<sup>153</sup> EIB (2023). [Repsol RepowerEU Wind & Solar](#)

Table 4: Projects supported by the EIB under the PATH Framework between 2022 and 2024

Project name	Promoter	EIB finance
Cartagena advanced biofuels	Repsol	€120 million (2022)
Northern Poland electricity grid – REpowerEU <sup>154</sup>	Energa	€810 million (2024)
Sines green hydrogen production <sup>155</sup>	Galp Energia	€180 million (2024)
Andalusia Advanced biofuels <sup>156</sup>	Compañía Española de Petróleos (Cepsa, renamed Moeve)	€415 million (2024)
Sines advanced biofuels <sup>157</sup>	Galp Energia	€250 million (2024)
<b>Total finance</b>		<b>€1775 million</b>

This brings the total EIB finance under the PATH Framework exemption policy to €2.76 billion. Of this, €1.66 billion was allocated to projects under the exemption in 2024, marking a notable increase as compared to the €985 million the year before.

Moreover, the EIB provides finance to commercial banks, which include leading financial institutions that sustain the fossil fuel industry. **The latest Banking on Climate Chaos annual report shows that six banks — BNP Paribas, Unicredit, Société Générale, Santander, Crédit Agricole and BPCE — together invested over \$60 billion in the fossil fuel sector in 2022.** These banks alone received

<sup>154</sup> EIB (2024). [Northern Poland Electricity Grid - RepowerEU](#)

<sup>155</sup> EIB (2024). [Sines Green Hydrogen Production](#)

<sup>156</sup> EIB (2024). [Andalusia Advanced Biofuels](#)

<sup>157</sup> EIB (2025). [Sines Advanced Biofuels](#)



almost €2 billion from the EIB in the same period.<sup>158</sup> In 2023, the EIB provided €5.6 billion — of which €2.3 billion was counted as climate and environmental finance — to banks listed among the 60 largest fossil fuel financing institutions globally.<sup>159</sup>

The EIB has also worked with Italian export credit agency SACE on providing renewable energy loans outside of Europe, despite SACE continuing to support fossil fuel infrastructure in the Global South, including hugely damaging activities such as LNG exploration in Mozambique.<sup>160</sup>

### **Why should the PATH Framework loopholes be closed and financial intermediaries supporting fossil fuel companies be excluded?**

#### **1. Fossil fuel companies do not align with Paris Agreement targets and are driving the planet towards irreversible climate and environmental breakdown.**

According to the IPCC, no new oil and gas fields should be developed and exploration should stop. Instead of serving these targets, fossil fuel giants fall short on climate goals and even abandon their pledges to pursue growing profits.<sup>161</sup> Despite this, they are rewarded with public funds from the EIB to carry out a handful of renewable energy projects, which ultimately serve as a distraction from their broader destructive activities.

#### **2. Fossil fuel companies invest little of their revenue in clean energy.**

The EIB's exemptions are based on a rationale that the fossil fuel companies are well positioned to invest in clean energy. However, when reviewing the available data, this notion appears questionable. The International Energy Agency (IEA) reported that fossil fuel companies invested \$30 billion in clean energy in 2023, which represents less than 4% of their overall capital spending. In Europe, Greenpeace reported that the continent's 12 leading oil and gas companies produced only 0.3% renewable energy in 2022, despite their net zero pledges. Only 7.3% (€6.57 billion) of their investments went towards green energy, while the remaining 92.7% (€81.52 billion) went to funding fossil fuels and their

<sup>158</sup> Frank Vanaerschot, Paul Creaney (2023). [EIB: dispensing billions to corporate profiteers](#). Social Europe.

<sup>159</sup> BOCC (2024). [Fossil Fuel Finance Report](#)

<sup>160</sup> ReCommon (2023). [SACE will have to hand over the documents related to gas projects in Mozambique](#)

<sup>161</sup> Martin Kuebler (2024). [Fossil fuel giants fall short on climate goals](#). DW

expansion.<sup>162</sup> Many companies — including BP, ExxonMobil and Shell — are greenwashing their climate commitments, and are even backtracking on them.<sup>163</sup> Others, such as TotalEnergies, have already reduced their low-carbon investments.<sup>164</sup> This clearly demonstrates that fossil fuel giants are offering little more than lip-service when it comes to decarbonisation.

At the same time, fossil giants are making record profits from increased oil and gas production. Most of the enormous profits made by the oil and gas industry in 2022–2023 was either paid out to shareholders, used for share buybacks or to reduce debt, all of which triggered a wave of mergers and acquisitions.<sup>165</sup> Global Witness calculations revealed that the big five fossil fuel companies paid out an unprecedented \$111 billion to their shareholders in 2023.<sup>166</sup>

**3. The EIB should send a strong signal to private finance to decarbonise.** The IPCC report gives guidance on the role of public finance in green energy transition and highlights the importance of governments signaling where public finance support should go. In other words, if public financial actors ‘set the right example’, private finance will follow. Otherwise, private finance is unlikely to lead the way and may actually slow down the transition, as public financiers continue to fund fossil fuels.<sup>167</sup> Moreover, many fossil fuel companies rely on public subsidies for their ‘green’ projects, which allows them to greenwash their activities and further lock the planet into a fossil-dependent future. The EIB is in a position to help put an end to this practice.

<sup>162</sup> Greenpeace International (2023). [‘Greenwashing garbage’: Europe’s Dirty Dozen oil and gas companies produce only 0.3% renewable energy despite deceptive net zero pledges](#)

<sup>163</sup> Charlotte Elton (2022). [Shell, BP, Exxon: Seized emails reveal ‘deceptive’ climate tactics and greenwashing](#). Euronews & Kate Yoder (2023). [Why are BP, Shell, and Exxon suddenly backing off their climate promises?](#) Grist

<sup>164</sup> Greenpeace International (2023). [‘Greenwashing garbage’: Europe’s Dirty Dozen oil and gas companies produce only 0.3% renewable energy despite deceptive net zero pledges](#)

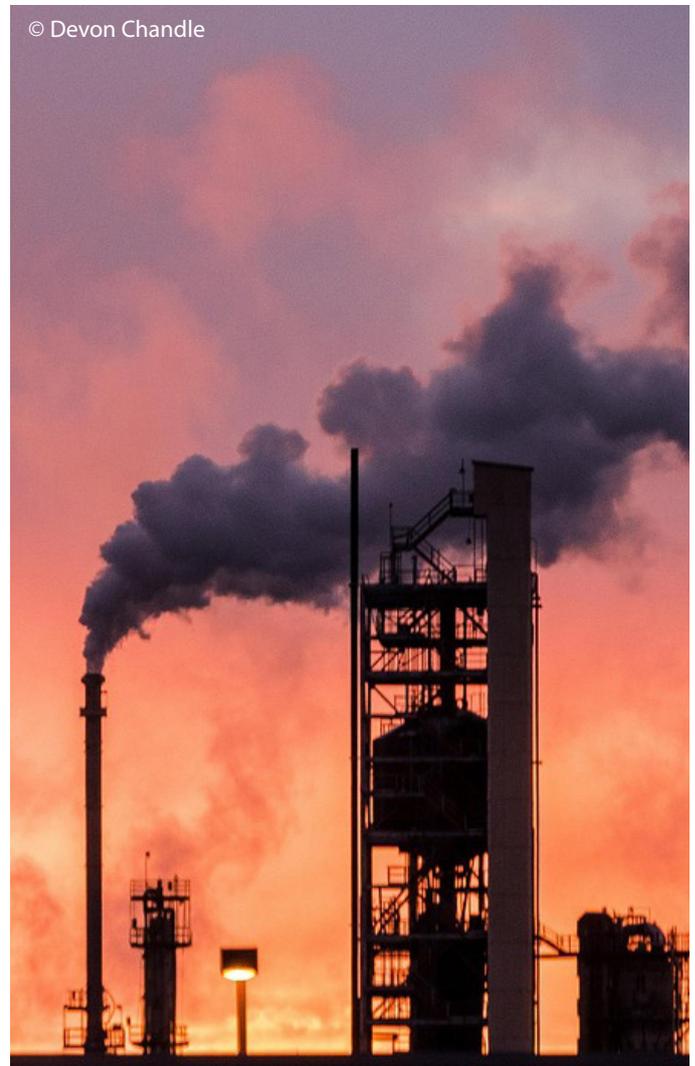
<sup>165</sup> IEA (2024). [World Energy Investment 2024: Overview and key findings](#)

<sup>166</sup> Global Witness (2024). [US & European big oil profits top a quarter of a trillion dollars since the invasion of Ukraine](#)

<sup>167</sup> IPCC (2022). *Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change, and Both ENDS, Counter Balance, OCI (2024). [EU ECA fossil fuel phase-out tracker](#)*

**4. As the largest contributors to greenhouse gas emissions, fossil fuel companies bear historical responsibility for climate change.** Despite this, with the current exemptions in the PATH Framework, the EIB gives polluters a blank cheque to greenwash their dirty activities. According to Oxfam, around 71% of all carbon emissions since 1988 can be traced back to 100 fossil fuel producers, some of which actively worked to suppress evidence of global warming.<sup>168</sup> In this context, it is not surprising that since 2021, the oil and gas industry has made almost no progress towards meeting the Paris Agreement goal of keeping global warming to 1.5 degrees.<sup>169</sup> Despite the calls by the IPCC<sup>170</sup> and IEA<sup>171</sup> to end fossil fuel exploration, no major oil company has made a commitment to do so.<sup>172</sup>

© Devon Chandle



<sup>168</sup> Oxfam (2023). [Who is responsible for climate change?](#)

<sup>169</sup> World Benchmarking Alliance (2023). [Research reveals no oil and gas companies have plans in place to phase out fossil fuels](#)

<sup>170</sup> IPCC (2022). [Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change](#)

<sup>171</sup> IEA (2023). [World Energy Outlook 2023](#)

<sup>172</sup> World Benchmarking Alliance (2023). [Research reveals no oil and gas companies have plans in place to phase out fossil fuels](#)

# CONCLUSIONS

While the EIB is currently meeting its overall climate finance targets, its focus is on using public lending to boost competitiveness through derisking private investors.

**The Bank has responded to the EU's competitiveness agenda by prioritising technological innovation, economic growth and industrial leadership — often at the expense of broader social and environmental considerations.** This has led to the Bank placing emphasis on making **projects more profitable instead of focusing on more structural change** by ensuring their public loans finance projects and companies that use proven solutions and prioritise resource use reduction, affordability and overall strong social and environmental conditions.

Even though the **Climate Bank Roadmap covers a just transition, it is not a key priority for all of the Bank's climate finance.** There are positive investments, such as public transport targeting increased affordability and public and social housing projects, especially under the Public Sector Loans Facility. However, the Bank lacks an overall strategy that ensures the projects and companies they finance contribute to providing sustainable and essential services for all. The successor to the Climate Bank Roadmap must recognise **the key role of the public sector in climate finance** due to its ability to implement large-scale, democratically available mitigation and adaptation projects with long-term economic viability, but with returns that are below market value. The EIB should lay out **a clear plan to support public actors, including local governments, to provide essential green public services, such as sustainable and affordable housing, energy and transport.** Moreover, they must ensure that decarbonisation and support for clean technologies contribute to the provision of **affordable access to these essential services.**

Outside of the EU, the Bank's central role in the **Global Gateway increases the risk that its global climate finance will prioritise the EU's own commercial and geopolitical goals,** such as developing renewables to produce hydrogen, exporting critical raw materials into Europe and supporting energy projects by large European companies without proper technology transfer or ensuring the local population benefits. The EIB should

provide climate finance in the form of highly concessional loans for projects with high **development additionality** and which tackle energy poverty, transfer technology and directly benefit local communities.

To optimise the EIB's climate and environmental finance and ensure it reaches its climate goals and halts environmental destruction, the new strategy should also emphasise reducing resource use and promote reuse and recycling to fulfil essential needs within ecological limits, inside and outside the EU.

The past five years have shown how acute the environmental crisis is and the importance of public investment in contending with the challenges we face as a result. However, with the 2024–2027 Strategic Roadmap and the broader political pressure on the EIB to increase its lending to promote competitiveness, there is a real threat that the Bank's climate strategy for the next five years will continue **to support polluters and privatise the benefits of green technological development.** To avoid this, the EIB must adopt a new climate strategy based on a business model that prioritises **publicly led solutions that benefit all and should leverage its support for the private sector to achieve structural change rather than endorse continued pollution.**

In order to finance projects that fully align with climate goals and protect the environment, the EIB should also improve its climate finance methodology, which is based on the EU Taxonomy and the Joint MDB methodology for climate finance.

For example, **this methodology continues to extend the life of fossil fuels as well as other polluting activities,** which is of particular concern. Moreover, the Bank's methodology allows for CCS and hydrogen infrastructure **without using strict criteria to ensure that only hydrogen produced using renewable energy is supported, only when it is proven to be the most efficient option, and only when it does not divert renewable energy from direct electricity needs.** The EIB is also too lax in approving bioenergy and biogas projects and improved road transport and infrastructure, which produce 75% of all transport-related emissions in the EU. The Bank also bizarrely considers the digital sector under its climate finance umbrella, even though the industry is using ever-increasing amounts of energy. It is a similar story for plastic production, which, even when

not produced from fossil fuels, has a hugely detrimental impact on nature and biodiversity. Finally, the Bank is not strict enough in its energy use reduction demands for the renovation of existing buildings, especially large buildings and projects outside of the EU.

By allowing for activities that extend the life and business models of the fossil industry, the Bank not only authorises precious public resources to be used for false solutions, thus promoting greenwashing, but it also makes it **more difficult to develop truly sustainable decarbonisation solutions**. As opposed to pandering to an industry that refuses to adapt its activities, it is critical that the Bank close these loopholes and begins to focus its finance on proven solutions that have the best climate and environmental impact.

When looking at the Bank's climate finance, it is striking that **the public sector was the largest recipient of climate and environmental finance in 2023**, despite the emphasis on the private sector. There are, however, huge differences between different subsectors. For example, while lending for adaptation, projects outside the EU alongside transport and affordable housing projects tend to move via the public sector, whereas energy production and research and development projects are predominantly implemented by the private sector. This reflects the fact that **key climate investments often have limited profitability**, which acts to deter private investors.

The Paris Agreement calls for a balance between mitigation and adaptation; however, **almost all climate finance goes to mitigation, with only 6% going to adaptation**. Moreover, the EIB is currently missing its adaptation target to reach 15% of its total climate finance despite this target needing to be increased.

The Bank's climate finance also follows their general financing policies, with 90% of the money going to the EU and the remainder to the rest of the world. Within this, energy production is the largest subsector outside the EU, with virtually no investments going to energy efficiency and research and development. This raises many questions regarding whether the Bank is prioritising strong developmental impact or rather the EU's economic interests. For example, **EU energy corporations often implement large projects outside of the bloc and the Bank's concessional climate finance has dropped drastically**. In addition, only a fraction of the Bank's

development climate finance reaches LDCs.

We also looked at three sectors (transport, housing and energy production) that are key for delivering a just transformation by providing affordable and sustainable solutions. Public transport plays a dominant role in the EIB's transport finance and overall climate finance, with a part of each project specifically focusing on affordability. With this in mind, it is striking that in 2023, **€130 million in finance for roads was categorised as 'climate finance'**. Moreover, much of the support for battery production goes to a commercial EV strategy focused on luxury cars rather than public-led transport systems that are affordable for all.

While the amount of money invested in affordable housing projects increased between 2023 and 2024, the role of private real estate investors is increasing and the **Bank's definition of affordable housing is vague**, leading to a risk that the Bank's financing will not sufficiently help those most in need. **Sufficient lending that targets low-income households is key** as the EIB will be part of a pan-European investment platform for affordable and sustainable housing.

The large role of the private sector in energy projects may reflect the fact that, in many EU countries, the energy sector is privatised. **Big and highly profitable energy companies receive billions of EIB climate finance. However, they are not in need of public support and very few of their energy projects target affordability**, even though the sharp increase in energy prices was central to the cost of living crisis in 2023. As the speculation related to the EIB-financed interconnector in Italy shows, the Bank must also pay more attention to ensuring projects to finance electricity grids prioritise public and local needs rather than commercial interests.

Overall, our analysis demonstrates how profit expectations play a huge role in climate finance. When collaborating with the public sector, EIB projects tend to be better able to achieve public benefits and affordability. In particular, the derisking model is failing to put climate finance where it is most needed for low-income households in the EU and for low-income countries outside. Thus, the EIB should emphasise increased public cooperation, use its public finance to curtail polluting business models and demand a stronger social and environmental impact from private actors.

As highlighted in the Green Deal Industrial Plan and Net Zero Industry Act, the EU views cleantech as a key driver for competitiveness and decarbonisation, with the EIB playing a critical role in financing cleantech innovation, both independently and through EU programmes, notably via InvestEU and the European Tech Champion Initiative.

**The Bank's cleantech financing focuses on large, often risky industrial projects and frequently uses derisking mechanisms to attract private capital** to fund a range of cleantech sectors, with a focus on low-carbon energy, EVs, hydrogen and batteries. This approach comes with structural risks and shortcomings. **Many cleantech solutions are resource- and energy-intensive** and often contradict broader sustainability goals. Hydrogen and CCS projects raise particular concerns about effectiveness, greenwashing and the risk of failure. Moreover, EIB loans sometimes subsidise high-profit private entities, including fossil fuel-linked companies, under the guise of cleantech. While this may stimulate growth, it can lead to an overreliance on a few large firms and projects with unproven viability (e.g. see Northvolt's bankruptcy).

**Cleantech development reinforces global and intra-EU inequities.** Cleantech patents are concentrated in high-income countries and large corporations, limiting technology access in the Global South. This exacerbates global inequalities and impedes climate action due to a lack of affordable access and knowledge transfer. **Within the EU, Eastern and Southern Europe risk becoming low-value hubs**, with limited capacity development and potential job losses from EV transition. Moreover, **public value and worker conditions are often overlooked** as the current model prioritises market-based growth and competitiveness, sometimes at the expense of social benefits and labour rights. This is illustrated by the EIB's and the broader EU's support for EV battery production, which benefits companies banking on profitable electric luxury cars instead of sustainable mobility for the wider population. In addition, EIB-backed projects often lack transparency in terms of job quality, public benefit and strategic prioritisation.

Although the EIB claims alignment with the Paris Agreement through its client conditions under the PATH Framework, it **continues to finance fossil fuel companies** via various exemptions. Of particular interest is an exemption to support REPower EU, which led to **fossil**

**fuel companies receiving €2.76 billion in loans from the EIB between 2022 and 2024.** Fossil fuel companies can obtain loans for projects including **CCS, blue hydrogen, biofuels, and clean energy infrastructure**, while expanding unconventional oil and gas exploration, despite the IPCC and the IEA both calling for an end to these activities to reach climate goals.

**Fossil fuel companies invest very little in green solutions** and use most of their profits for fossil fuel activities, while buying up their own shares and paying out dividends. On top of this, they receive large amounts of public support for the few green projects they do. The EIB's continued support for fossil fuels undermines climate leadership and delays private sector transition. Instead, **as recommended by the IPCC, the EIB should take the lead and stop financing companies that do not phase out fossil fuels.**

Under the PATH Framework, companies must make decarbonisation plans to receive access to EIB loans. However, there is a lack of requirements for short-term plans. There is also a lack of binding reduction targets for the following three to five years and mechanisms to suspend EIB loans when its clients do not respect targets. Moreover, EIB plans are often difficult to access, creating issues with transparency.

**Financial intermediaries** (commercial banks and investment funds) receiving EIB loans are **not required to have decarbonisation plans.** In fact, they only have to disclose their financial exposure to the risks of climate change, which does not put any limit on these banks funding fossil fuel projects. **Banks on the list of the world's top 60 fossil banks received €7.6 billion from the EIB in 2022–2023.** It is crucial the EIB closes this loophole and imposes stronger and binding conditions on the financial institutions it funds.

When evaluating the Climate Bank Roadmap and making a new climate strategy for the next five years, the EIB should put an end to its fossil fuel exposure, focus on financing proven solutions, recognise the benefits of public–public cooperation to finance climate action and deliver a just transformation. The Bank should also leverage its support for the private sector to ensure companies reinvest their profits into sustainable business models with strong social standards. The following recommendations can contribute to achieving these objectives.

# RECOMMENDATIONS

## The EIB should:

- **Recognise the key role of the public sector in climate finance** due to its ability to implement large-scale, democratically available mitigation and adaptation projects, with a particular focus on projects with long-term economic viability, despite returns that are below market value. Moreover, it should increase lending and risk taking. This should include the use of guarantees, grants and technical assistance for public sector projects with high environmental and social benefits.
- **Lay out a clear plan to support public actors, especially local governments, to provide essential green public services in key sectors, such as sustainable and affordable housing, energy and transport, and make sure support for clean technologies** (e.g. support for EV battery production) in these sectors contributes **to the provision of affordable access** to these essential services. In the housing sector, the Bank should improve its definition of affordable housing, limit the role of for-profit investors and ensure sufficient funds are available for the housing needs of those on the lowest incomes. In the energy sector, the Bank should make affordability a priority, which is currently lacking.
- **Prioritise a just transformation**, with targeted financing based on social needs for sustainable solutions with a balanced geographical spread inside the EU and more resources for low-income countries outside the EU. Moreover, all projects should be checked to ensure any climate finance is compatible with the needs for a just transformation.
- **Provide climate finance outside of the EU in the form of highly concessional loans that target projects with high development additionality and that tackle energy poverty, transfer technology and prioritise high added value in the local economy, job creation and support local communities.** This should include improving its human rights due diligence and project assessments and increasing support for the Least Developed Countries.
- **Increase climate adaptation finance** where the Bank is missing its own targets. The Bank must also increase concessional loans for climate finance, especially outside of the EU.
- **Adapt the climate finance methodology in order to end funding for technologies and infrastructure that extend the life of fossil fuels**, as well as other polluting activities. Moreover, it must ensure a given activity is the most efficient option to reduce resource use.
- **Stop financing activities such as CCS, motorways, highways, sea port expansions, industrial livestock farming and biogas.** It should also **adopt strict criteria for hydrogen** to ensure that only hydrogen produced using renewable energy is supported and only when it is proven to be the most efficient option and does not divert renewable energy from direct electricity needs. The Bank should also critically evaluate its support for bioenergy, hydropower and the digital sectors to avoid negative environmental and social impacts. It must also evaluate its support for industries that heavily increase energy use.
- **Take the lead in guiding the business models of companies when supporting the private sector, instead of focusing on making projects more profitable.** In addition, it should support companies and financial intermediaries that reinvest their profits in full decarbonisation, reduce their resource use and develop proven sustainable and affordable solutions, while creating high-quality jobs and upholding strong social standards.
- **Avoid investing in solutions that are ineffective when supporting clean technology development, while also taking into account a solution's energy and resource intensity.** In addition, the Bank should prioritise public interest, job quality, sustainability, and enable technology transfer outside of the EU. It should also distribute funding fairly within the EU to avoid deepening internal inequalities.
- **End fossil exposure now.** To achieve this, it will have to **close the loopholes in the PATH Framework and exclude fossil fuel companies that do not phase out fossil fuels.** In addition, the Bank must create solid and **binding criteria for financial intermediaries that require them to phase out their fossil fuel investments.** Moreover, for transparency, the EIB should make its plans easily accessible on its website. Finally, the Bank must demand transition plans from companies and financial intermediaries that include binding short-term (3–5 years) and long-term targets. It must also incorporate a mechanism to suspend EIB loans when its clients do not respect targets and ensure these plans are easily accessible by publishing them on the EIB's website.

**Counter**



**Balance**



Challenging  
Public  
Investment  
Banks