RE: The European Investment Bank’s energy lending policy review

Dear President Hoyer,

The European Investment Bank (EIB), one of the world’s largest public banks, spends billions of euros every year on energy projects. In 2011, this amounted to 13 billion euros, or 20 per cent of the bank’s budget. Such investments have the ability to transform the energy infrastructure within the EU and beyond, and the EIB has in recent years increased its lending for renewable energy projects, a commendable and encouraging development. Yet at the same time, the EIB continues to provide far too much support for fossil fuels projects, and its lending to energy efficiency lags behind – accounting for only seven per cent of the bank’s energy portfolio in 2011.

The European Parliament has repeatedly called on the EIB to change its energy lending. In 2009, the Parliament passed a Resolution on the 2007 EIB Annual Report in which MEPs urged the EIB to focus its energy lending on renewables, energy efficiency and research and development targeted in these areas. In 2011, the Parliament again called on the EIB to bring its operations fully in line with EU objectives to swiftly transition towards a low carbon economy; to this end the Parliament requested that the EIB adopt a plan to phase out fossil fuel lending and increase efforts to finance renewable energy and energy efficiency technologies. In its 2007 Resolution on Trade and Climate Change, the Parliament called for a discontinuation of public support for fossil fuel projects.

Currently the EIB needs to strike a balance between three different and potentially competing EU objectives: security of energy supply, competitiveness and sustainability. The Bank does not have to be a part of the trade-off between these three pillars of the EU energy policy. In its operations the EIB should look for synergies between them. This can be done through investments in demand-side energy efficiency and new renewable energy sources. They reduce EU dependence on imported hydrocarbons, contribute to sustainability and are fully cost competitive, especially when factoring in social and environmental externalities.

While the EIB has attempted to mainstream climate considerations via its Climate Action programme, it has taken steps backwards by supporting climate-damaging projects like the Sostanj lignite plant in Slovenia and other coal power plants. These investments will lock in countries’ energy infrastructure and – in the case of smaller countries – entire economies into the dirtiest of development pathways.

At the same time, the EIB is able to promote the decarbonisation of energy sectors and economies. In 2011, EIB lending for renewable energy and energy efficiency projects has increased from 40 percent in 2010 to 47 per cent of total energy lending. Lending to these sectors should be further mainstreamed.

To this end, the EIB needs to set clear guidelines in its policies that exclude loans for coal projects and phase out support for other fossil fuels, in order to bring the EIB in line with EU climate targets for the years 2020 and 2050. In this way the EIB can play a catalysing role in generating much needed investments for Europe’s decarbonisation and, consequently, ensuring that the EU maintains an effective response to the climate change imperative.

We, the undersigned MEPs, believe that the upcoming EIB energy lending policy review provides a unique opportunity to ensure that future investment decisions are in line with EU climate and energy targets for 2020 and 2050. We therefore call on the EIB to formally adopt as part of its upcoming energy lending policy, a halt to coal investments and a plan to gradually phase out loans for fossil fuels projects. Financial resources saved as a consequence could be used to stimulate further progress on energy efficiency and the switch to renewable energy sources.

Yours sincerely,
Signatures:
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