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Bulgaria:

Centre for Environmental Information and Education (CEIE)

Za Zemiata, For the Earth

Croatia:

Green Action

Czech Republic:

Centrum pro dopravu a energetiku (CDE)

Hnutí DUHA

Estonia:

Estonian Green Movement–FoE

Georgia:

Green Alternative

Hungary:

National Society of Conservationists – Friends of the Earth Hungary (MTVSZ)

Latvia

Latvian Green Movement

Lithuania:

Atgaja

Macedonia:

Eko–svest

Poland:

Polish Green Network (PGN)

Russia:

Sakhalin Environmental Watch

Serbia:

Center for Ecology and Sustainable Development (CEKOR)

Slovakia:

Friends of the Earth – Center for Environmental Public Advocacy (FoE–CEPA)

Ukraine:

National Ecological Centre of Ukraine (NECU)

CEE Bankwatch Network's mission is to prevent environmentally and socially harmful impacts of international development finance, and to promote alternative solutions and public participation.

A call to phase out fossil fuels lending by the European Investment Bank



To:

Anders Borg
Minister for Finance
Regeringskansliet, SE-103 33 Stockholm
Sweden

A call to phase out fossil fuels lending by the European Investment Bank

The European Investment Bank (EIB) – the EU's house bank – is the world's biggest public lending institution. With a lending portfolio of EUR 72 billion (2010) it is bigger even than the World Bank, and was set up in 1958 to support the implementation of EU policies. Sweden as one of shareholders of the bank bears responsibility for how these resources are not sufficiently contributing to the solutions we need to urgently put in place and sometimes they are used and for ensuring that they contribute to sustainable development..

In 2010, over EUR 17 billion (24 percent) of EIB lending was devoted to the energy sector, making it the bank's second largest lending sector after transport. Investment on this scale can help countries worldwide to make vital progress on reducing greenhouse-gas emissions at a time when political solutions based on international agreement remain elusive.

Unfortunately, the EIB's lending priorities and energy-investment portfolio are making the problem worse.

Support for fossil fuels is on the rise

In 2007–2010 lending for coal, oil and gas projects made up 33 percent (EUR 16 billion) of the bank's energy portfolio. In the same period renewable energy was supported with over 13 billion EUR. Both lending to renewables and fossil fuels are on the rise. We applaud the fact that in the last years the bank managed to significantly increase its lending to renewables, but it has to be noted that it failed to stop increasing its lending to fossil fuels (compared to 2007 lending for fossil fuels had doubled by 2010).

Continuing support for coal-fired power plants

Although in the energy policy from 2007 the EIB has introduced restrictions for its support for coal projects, this has not prevented the bank from financing this type of energy, e.g. large power plants in Slovenia and Germany¹. With at least 40 years of planned lifetime of these installations these investments are in stark contradiction with EU's plans to decarbonise its energy sector by 2050.

More coal to come?

Two thirds of Polish TPPs are more than 30 years old² and ageing blocks will have to be closed soon. The Polish government document "Polish energy policy until 2030" refers to 12 TW of coal TPP capacity to be newly constructed or heavily modernised until 2020. This scale of investment is vast, with speculations at nearly 25 billion euros, equal to roughly half the Polish national budget. EIB staff admits that they cannot imagine not receiving more applications for financing new coal TPPs in Poland, and indeed they have already rejected the first applications. In 2011 the EIB has financed in a new block at the coal co-generation plant in Bielsko Biała in the south of Poland.

The EIB is reportedly in talks with promoters of a large 2000 MW greenfield coal power plant in the north of Poland. The investor Elektrownia Połnoc Ltd. boasts of negotiations with the EIB over financing of the project³.

Outside of the EU the most heavily supported type of energy were fossil fuels (almost 40 percent). The share of renewables in the overall energy lending outside of the EU was only 19 percent. Hardly any loans went to the least developed countries of ACP (Africa, Caribbean and Pacific). It seems that the EIB, which outside of the EU works under a development mandate, is at the moment not well equipped to finance clean energy projects in the least developed countries.

1 Annex 3 of the „Clean Energy for Europe: A reinforced EIB contribution provides criteria for financing coal and lignite fuelled power stations.

2 Age distribution of Poland's power plants by fuel, International Energy Agency, 2010.

3 Conversation with the EIB staff member during the European Economic Congress in Katowice, May 2011.

Demands

Bearing in mind that much of the energy infrastructure constructed today will be in use even beyond 2050, Swedish and international civil society organizations call upon the Swedish government and the Swedish EIB Director to urge the EIB to make forward-looking decisions now and revise its energy policy in line with climate science as well as with the EU 2050 objectives and Roadmaps. In particular the undersigned organisations demand the EIB:

- immediately ceases support for the most carbon intensive types of energy generation, starting from coal,
- does not support investments in existing coal facilities, when they result in prolonging their lifetimes or an increase in their production
- develops and implements a plan to phase out lending for other fossil fuels,
- stops acquiring equity stakes in companies that are investing in coal or have plants to do so
- continues increasing its renewable energy and energy efficiency lending in Sweden while making sure that its overall investment also continue to increase in less less affluent countries of Eastern Europe and those situated outside of the EU,
- in its external lending to developing countries only finances projects whose underlying goal is poverty eradication
- ensures access to energy for the project stakeholders, in particular for poor people who currently lack such access. EIB projects should contribute to increased democracy through enhancing public participation in its decision-making process.

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