

The time has come for the European Investment Bank to become Europe's climate bank

The proposed new European Investment Bank funding rules for the energy sector represent an important cornerstone in the fight against climate change. By withdrawing funding for all fossil fuel, the bank has the potential to become Europe's climate bank, according to Eckart Würzner.

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This summer once more bore witness to the extreme impact of climate change, with record heat waves in Europe, unprecedented fires in the Amazon, Siberia and Sub-Saharan Africa and another disastrous drought in Germany. Nonetheless, fossil fuel sources continue to be supported through billions of euros in subsidies, even though they fuel climate change and jeopardise the targets of the Paris Agreement on climate.

The EU has now finally reacted to this development: The President of the European Commission, Ursula von der Leyen, has in her European Green Deal proposed to transform parts of the European Investment Bank (EIB) — the EU bank — into a dedicated climate bank. The EIB plays a pivotal role in the funding of European investments. In 2018 alone, the bank granted loans worth 55.6 billion euros. The bank is also the world's largest multilateral lender and its policies therefore send an important signal to other banks, markets and governments.

Between 2013 and 2017, the bank funded gas projects to the tune of 11.8 billion euro. This allowed, for example, around 2.4 billion euros to be channelled into The Southern Gas Corridor, a project to transport large amounts of natural gas from Azerbaijan to Italy.

But the European Investment Bank has now recognised the signs of the times. In July, the EIB published a potentially ground-breaking proposal to align their lending guidelines for the energy sector to the targets of the Paris Agreement. By the end of 2020, loans will no longer be granted to energy projects relying on fossil fuels. In the future, the bank aims to increase investment in renewable energy and energy efficiency instead of coal, oil and natural gas. The EIB said that sustainable and future-proof investments in the energy sector were necessary in order to reach the targets of the Paris Agreement.

By completely withdrawing from funding fossil energy, the EIB has the potential to become the European climate bank. The bank also took Leyen's idea set out in her "European Green Deal" one step further by proposing that no part of the bank would continue investments in fossil fuels.

The draft proposal is now subject to a vote by the bank's board of governors, which is made up of mostly finance ministers from all EU countries. It is now in the hands of the German finance minister, Olaf Scholz, and his EU colleagues to decide the fate of the bank's proposal. The bank's board of governors is scheduled to meet on 15 October.

It is essential that Germany once again takes a leadership role in the fight against climate change, and the first step would be a resolute "yes" to a fossil-free European Investment Bank. This would also show all our young people — many of whom take part in the Fridays for Future movement — that we take their concerns seriously and are taking the right steps towards leaving them with a liveable future.