

Region: EIB proposes to end funding of fossil fuel projects

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The European Investment Bank (EIB) is suggesting ending loans to fossil fuel projects by the end of next year, as part of the European Union's efforts to combat climate change.

In a draft policy document, EIB proposes to phase out support to energy projects reliant on fossil fuels while ramping up its support for renewable energy. Once in effect, this means that the bank will have a clear position not to support upstream oil or gas production, coal mining, infrastructure dedicated to coal, oil and natural gas and electricity generation or heat production from fossil fuel sources.

In late 2018, the European Bank for Reconstruction and Development (EBRD) confirmed that it will no longer finance projects related to coal mining or coal-fired electricity generation. The statement from the Bank said that this decision is in line with its new energy sector strategy for the next five years. EBRD will also stop funding any upstream oil exploration, and will not finance upstream oil development projects except in rare and exceptional circumstances, where such investments reduce greenhouse gas emissions. The strategy for the next five years emphasizes the scaling-up of investment in renewables, supporting the integration of energy systems, promoting the switch to cleaner and more resilient energy sources and facilitating electrification as a means to clean the economies where the Bank invests, which include some of the least energy-efficient and most polluting economies and cities in the world. However, the Bank will continue to support the gas sector where it is consistent with a lowcarbon transition that is both secure and affordable.