

Supporting the Economic Development: The European Investment Bank from the Fifties to the Green Deal

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The economic development of the Member States has been one of the main purposes of the European integration process since its beginning in the Fifties: it was explicitly expressed in the Schuman's declaration of 9th May 1950¹, and it was formally reaffirmed in the ECSC Treaty:² through the pooling of coal and steel production, the *common foundations* for an economic development finalized at the preservation of peace would be created, building a *de facto solidarity* among Countries.

With the Treaty of Rome, the objective was extended to less prosperous areas of the Community.³ The perspective of the common market encouraged the States to reduce their economic disparities and support the economic convergence in order to

¹ "La mise en commun des productions de charbon et d'acier assurera immédiatement l'établissement de bases communes de développement économique, première étape de la fédération européenne", Déclaration de M. Robert Schuman de 9 Mai 1950, Historical Archives of the European Union (HAEU), CECA, Secrétariat général (1952-1967), SEGE-12, doc. AC1384, p. 22

² "Conscients que l'Europe ne se construira que par des réalisations concrètes créant d'abord une solidarité de fait, et par l'établissement de bases communes de développement économique", Traité instituant la Communauté Européenne du Charbon et de l'Acier, Paris, le 18 Avril 1951

³ "Soucieux de renforcer l'unité de leurs économies et d'en assurer le développement harmonieux en réduisant l'écart entre les différentes régions et le retard des moins favorisées", Traité instituant la Communauté Économique Européenne, Rome, le 25 Mars 1957.

contribute to the prosperity of the whole Community. With this purpose in mind, the European Investment Bank⁴ was established, with the main mission of financing development projects in less prosperous regional areas.

In the following years other instruments were created to support the economic development of both internal and external areas of Europe (Structural Funds, the European Bank for Reconstruction and Development, the European Regional Development Fund, etc.), but the European Investment Bank is the oldest European institution with development tasks. Since its inception, it has been supporting the process of integration, by providing loans to private and state-owned enterprises, financial institutions, States and local administrations, although over the years the ways and means used to achieve its objectives have changed. These have been influenced not only by the transformations of the integration process, but also by the change occurred in the very idea of development.

Despite EIB operates also in supporting the development of extra-European Countries, its action has been primarily directed to the European territory: since its foundation, one of its main purposes has been the reduction of economic imbalances among European regions. The focus of this paper is therefore the bank's development action within the European territory, from the beginning of its activity in the Fifties to present day.

This paper aims at understanding how Europe has addressed the issue of the economic development of its own less prosperous areas, from the origins up to present day, through the analysis of the activity of the European Investment Bank. It illustrates the path led by the Bank development action, from an initial coincidence between the idea of development and GDP growth, achieved mainly through industrial growth, to the current idea of sustainable devel-

⁴ "La Banque européenne d'investissement a pour mission de contribuer, en faisant appel aux marchés des capitaux et à ses ressources propres, au développement équilibré et sans heurt du marché commun dans l'intérêt de la Communauté", *Traité instituant la Communauté Économique Européenne*, Rome, le 25 Mars 1957, Article 130.

opment focused on climate neutrality, that is the main objective of the European Green Deal.

EIB's *Annual Reports*, kept in the European Union Historical Archives, constitute the main archival source for this work.⁵ The first section aims at explaining how the idea of development has changed during the years, with the purpose of clarifying the cultural framework in which the Bank operated. EIB's activity from its origins to the Eighties is the subject of the second section, which identifies the main sectors supported by the Bank and how the environmental issues started to influence its lending activity. The last section is dedicated to the Bank's action following the Maastricht Treaty, elucidating specifically the increasing attention to environmental issues that has led the Bank to become one of the operational arms of the European Green Deal, in its new role of "EU climate Bank."⁶

1. The cultural framework: changes in the idea of development

The idea of development has not always been the same, as underlined by several studies.⁷ From the postwar period and throughout the 1950s, it matched the idea of industrial growth. Infrastructure, industries and, less frequently, rural programs were the main instruments that economists and policymakers indicated to promote

⁵ HAEU, Banque Européenne d'Investissement (BEI), *Rapports Annuels, 1958-2016*.

⁶ European Investment Bank Group, *Climate Bank Roadmap 2021-2025*, European Investment Bank, Luxembourg, November 2020, p. V.

⁷ Among others, H.W. Arndt, *Economic Development. The History of an Idea*, The University of Chicago Press, Ltd, London, 1987; G. Rist, *Le Développement. Histoire d'une croyance occidentale*, Presses de la Fondation Nationale des Sciences Politiques, Paris, 1996; K.S. Jomo, E.S. Reinert (eds.), *The Origins of Development Economics. How Schools of Economic Thought have Addressed Development*, London: Zed - New Delhi, Tulika. 2005; J.M. Hodge, "Writing the History of Development", in *Humanity: An International Journal of Human Rights, Humanitarianism and Development*, vol. 6 (3), 2015, pp. 429-463; and vol. 7 (1), 2016, pp. 125-174; M. Satish Kumar, "Development: the Story of an Idea", in T. Daly, C. Regan, C. Regan (eds.), *80-20 Development in an Unequal World*, New Internationalist, Oxford, 2016; S. Lorenzini, *Global Development. A Cold War History*, Princeton University Press, Princeton, NJ, 2019.

growth. Since the second half of the Sixties other instruments began to be used in addition to the traditional ones: educational programs, technology transfers, provision of technical assistance and everything that could be encompassed in the *human capital* growth concept.

From the Seventies the idea of a growth at all costs started to be questioned: in addition to propel GDP, fighting poverty became the main objective, through the satisfaction of the so-called “basic human needs”: access to water, food, clothing, education, medical assistance. The first references to the relevance of environmental resources appeared in the same years: in 1972 both the publishing of the well-known MIT report *Limits to growth*⁸ and the United Nations Conference of Stockholm on Human Environment⁹ paved the way to the inclusion of environmental issues into public debate and, not long after, into development actions.

The Eighties could be considered as a missed decade for development policies, due to the neoliberal turn, entrusting economic growth to market dynamics. Nevertheless, the increasing importance of the environmental issues ends up interlacing with the development policies. The publishing in 1987 of the Brundtland Report *Our Common Future*¹⁰, commissioned by the United Nations, represented the first official meeting point for both environmental and social issues: the report emphasized the need for a *sustainable development* able to ensure the economic development to everybody, avoiding environmental damage.

The idea of sustainable development, destined to a long life, was reaffirmed a few years later, during the Rio de Janeiro Earth Summit in 1992, when it was recognized that “the right to development must

⁸ D.H. Meadows et al., *The Limits to Growth. A Report for the Club of Rome's Project on the Predicament of Mankind*, Universe Books, New York, , 1972.

⁹ United Nations, Report of the United Nations Conference on the Human Environment, Stockholm, 5-16 June 1972, United Nations, New York, 1973, <https://undocs.org/en/A/CONF.48/14/Rev.1>.

¹⁰ United Nations, *Report of the World Commission on Environment and Development Our Common Future*, United Nations, 1987.

be fulfilled so as to equitably meet development and environmental needs of present and future generations.”¹¹

Following the path marked out in 1997 by the Kyoto Protocol – the world’s only legally binding treaty to reduce greenhouse emissions¹² – in the new millennium the problem of climate change became the pivot of global environmental policies. The risks connected to the increasing Earth’s temperature continue to represent the focus of the environmental policies and the core of the European Green Deal strategy, in a difficult attempt to combine economic growth and environmental issues.

2. The European Investment Bank from the origins to the Eighties

The cultural background described above is the framework in which we shall try to comprehend the changes in the activity of the European Investment Bank. Which strategies has the Bank adopted to encourage the development of the member States during the years? Which sectors has it identified as drives of development? In which ways have the environmental and climate issues become the core of the Bank’s activity? EIB’s *Annual Reports*, kept in the European Union Historical Archives, allows us to answer these questions.

Established by the EEC Treaty of 1957, the European Investment Bank started to operate in 1959, with the task of financing three typologies of projects: projects to enhance less developed regions; projects concerning enterprises’ modernization and restructuring; projects of common interest for several member States.¹³ Since the beginning, long before the European Community elaborated a re-

¹¹ United Nations, Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, Vol. I, Resolution Adopted by the Conference, United Nations, New York, 1993, Principle 3 – [https://undocs.org/en/A/CONF.151/26/Rev.1\(vol.I\)](https://undocs.org/en/A/CONF.151/26/Rev.1(vol.I)).

¹² https://unfccc.int/kyoto_protocol.

¹³ Traité instituant la Communauté Économique Européenne, Rome, le 25 Mars 1957, Article 130

gional policy,¹⁴ the Bank gave priority to projects aimed at supporting regional development.¹⁵ This activity has never ceased, and it still is one of the main objective of the Bank.

Until the Seventies, its activity reflected an idea of development entirely coincident with industrial growth; within the European Community, the Italian Mezzogiorno was considered the least developed area and, therefore, the main potential beneficiary of the loans.¹⁶ The largest amount of loans were directed to infrastructural projects, especially to the transport sector (roads and highways), but also the energy and the communication sectors were copiously financed. Nevertheless, a wide share went to the industrial sector,¹⁷ considered – along with the infrastructure – the drive of development, in accordance with the prevailing paradigm of the time.¹⁸

EIB'S European loans allocation (1958-1972)

Infrastructure:	53%	Industry agricultural and services:	37%
Transport:	25%	Main industrial sector financed:	
Energy	17%	Chemical	11%
Telecommunications	11%	Metallurgy	11%

Basic industry, especially chemical and metallurgic ones, were the main recipients. Among others, the fourth iron and steel center

¹⁴ An actual European regional policy was elaborated in Seventies, A. Varsori, "European Regional Policy: The Foundation of Solidarity", in M. Dumoulin, *The European Commission 1958-1972. History and Memories*, European Communities, Luxembourg, 2007, pp. 411-426

¹⁵ J. Clifton, D. Diaz-Fuentes, J. Revuelta, "Financing utilities: How the role of the European Investment Bank shifted from regional development to making markets", in *Utilities Policy*, Volume 29, June 2014, pp. 63-71.

¹⁶ Banca Europea per gli Investimenti. Direzione degli Studi, *La Banca Europea per gli Investimenti e i problemi del Mezzogiorno*, 1972, HAEU, BEI, Publications, Evenementielles, Operations_UE, Italie, Mezzogiorno Problemes, 1972.

¹⁷ Agriculture has always obtained limited amounts of loans. Services have started to assume more relevance only in the recent decades.

¹⁸ É. Bussière, M. Dumoulin, E. Willaert, *The Bank of the European Union, The EIB, 1958-2008*, European Investment Bank, Luxembourg, 2008.

of Taranto¹⁹ and various chemical poles in Southern Italy – Priolo-Siracusa,²⁰ Cagliari,²¹ Porto Torres,²² Crotone,²³ Gela,²⁴ Manfredonia-Foggia²⁵ – were financed during that period by the European Investment Bank.

Things radically change starting from the Seventies. The international monetary crisis and the oil shock represented a watershed for the Bank's loans allocation. The share of loans for industry decreased: this was due partly to the large industry crisis and the consequent decrease in companies investments²⁶ and partly to a new special attention paid to the energy sector. According to the Community's purpose of reducing its oil dependence on imports from 63% in 1973 to 50% in 1985²⁷, the largest share of loans was directed towards energy projects²⁸.

EIB's European loans allocation (1973-1979)

Infrastructure	78%	Industry, agriculture and services	22%
Energy	38%		
Transport and TLC	25%		
Other infrastructure	15%		

The reduction of oil dependency remained the Bank's priority for the whole decade, resulting in two typologies of projects: the search

¹⁹ Until Seventies the Fourth iron and steel center was financed several times: 24 million u.c. in 1960; 6,4 million in 1962; 25 million in 1969; 4,8 million in 1971; 29,7 million in 1972, HAEU, BEI, *Rapports Annuels*, 1960, 1962, 1969, 1971, 1972.

²⁰ HAEU, BEI, *Rapport Annuel*, 1959, 1965.

²¹ HAEU, BEI, *Rapport Annuel*, 1962, 1971.

²² HAEU, BEI, *Rapport Annuel*, 1962, 1965.

²³ HAEU, BEI, *Rapport Annuel*, 1963, 1965.

²⁴ HAEU, BEI, *Rapport Annuel*, 1967

²⁵ HAEU, BEI, *Rapport Annuel*, 1971.

²⁶ HAEU, BEI, *Rapport Annuel*, 1975, p. 23.

²⁷ HAEU, BEI, *Rapport Annuel*, 1974, p. 12.

²⁸ Out of a total of 9476 million units of account disbursed in the years 1973-1979, 7391,8 financed infrastructure and 2084,2 financed industries, agriculture and services. Loans for energy amounted to 3586,2 million. Industry received 22% of loans (171 traditional loans and 55 global loans), directed especially to basic, automotive, mechanic and alimentary sectors, HAEU, BEI, *Rapport Annuel*, 1979, pp. 82-83.

for energy sources within the European territory – as the research of oil and gas in the North Sea²⁹ – and the construction of nuclear plants,³⁰ fueled by the 1971 Commission's proposal of a new energy policy, aimed at extending nuclear production thus improving the energy supply for the member States.³¹ In the years 1975-79, more than 50% of the loans granted to energy projects went to nuclear plants.³²

As mentioned above, during the Seventies social goals become part of development policies. The Bank repeatedly emphasized its aim to tackle unemployment, but, despite the announcements, limited measures were adopted. For years, the large basic industry continued to absorb the largest share of industrial loans, decreasing only at the end of the decade,³³ when the automotive sector³⁴ became the main recipient. An effective instrument used to reduce unemployment was an increase in credits for small and medium enterprises, considered as labour intensive activities, through the instrument of global loans, credit lines for local financial institutions, adopted since 1968.³⁵ From their introduction, 67 global loans were emitted until

²⁹ Several loans were granted to the British Gas Corporation in 1975, 1976 and 1977 for extending the gas pipeline network bringing Frigg natural gas (on the boundary between the UK and Norway) from the North Sea to Great Britain; other loans were directed in the same years to develop oilfields in the North Sea, HAEU, BEI, *Rapports Annuels*, 1975-1977.

³⁰ "Within the Community [the bank] will endeavor to step up its finance in support of more balanced regional development and widen its operations in the field of investment of benefit to several Member Countries, especially in the energy sector and more particularly for the construction of nuclear power stations", HAEU, BEI, *Rapport Annuel*, 1974, p. 13.

³¹ HAEU, BEI, *Rapport Annuel*, 1971, p. 14.

³² 1,423.8 million for nuclear projects out of a total of 2,782.9 million for energy projects (about 51%), Personal process of EIB's data in HAEU, BEI, *Rapports Annuels*, 1975-1979. In 1974 six loans were directed to nuclear plants (four of which to the french Bugey plant); six in 1975; three in 1976; six in 1977; six in 1978 and six in 1979.

³³ The amount for iron and steel and chemical sectors remained between 80 and 200 million until 1977. In 1978 and 1979 it drastically decreased respectively at 51 and 27 million, Personal process of bank's data in HAEU, BEI, *Rapports Annuels*, 1973-1979.

³⁴ HAEU, BEI, *Rapport Annuel*, 1978-1979.

³⁵ E.g. in 1968 the Isveimer (Istituto per lo Sviluppo dell'Italia Meridionale, a financial institution connected to the Cassa per il Mezzogiorno) received a 10 million u.c. global loan to finance SMEs in Southern Italy. HAEU, BEI, *Rapport Annuel*, 1969, p. 92.

1979, through which 1246 credits were assigned to intermediary institutions³⁶ for a total amount of 523,1 million u.c.³⁷

Energy continued to play a leading role also in the first half of the Eighties,³⁸ with a greater commitment to the construction of gas pipelines.³⁹

EIB's European loans allocation (1980-1989)

Infrastructure	70%	Industry, agriculture and services	30%
Energy	29%		
Transport and TLC	28%	Industry	26%
Other infrastructure	13%	Agriculture and Services	4%

The mitigation of the energy crisis, the EEC enlargement and the relaunching of the European integration process culminated in the Single European Act, encouraged the Bank to focus on transport and communication sectors, whose improvement was considered as a priority in the perspective of the achievement of the Single Market by 1993, according to the Delors line.⁴⁰ The Channel Tunnel project between France and United Kingdom, widely financed by the European Investment Bank since 1987,⁴¹ represented one of the main commitments for the Community's infrastructural system.

³⁶ Among others, institutes as the Italian Isveimer, Imi, Irfis, Mediocredito Centrale, the Irish Industrial Credit Company, the French Caisse d'Aide à l'Équipement des Collectivités Locales, Crédit National, Crédit naval, the German Industriekreditbank AG and the British Government received global loans in the years 1968-79.

³⁷ HAEU, BEL, *Rapport Annuel*, 1979, p. 90.

³⁸ Out of a total of 61139,7 million ECU disbursed in the years 1980-89, 43024,7 financed energy and infrastructure (Loans for energy amounted to 17.743,8 million), 15.674,4 financed industries. Loans for energy amounted to 17.743,8 million. The calculation have considered both the loans on bank's own resources (direct and global loans) and on NCI (New Community Instrument) resources. Personal process of bank's data in HAEU, BEL, *Rapports Annuels*, 1984, p. 113; 1989, p. 100.

³⁹ According with the purpose of a diversification of energy imports, the bank financed the addition of further arteries to the European pipeline network. For instance, pipelines bringing Soviet gas in Italy through Austria and the Algeria-Italy pipeline were financed in 1980. HAEU, BEL, *Rapport Annuel*, 1980

⁴⁰ HAEU, BEL, *Rapport Annuel*, 1987, pp. 11-14.

⁴¹ On 7 September 1987 Eurotunnel, promoter of the project, signed a credit agreement with the bank, for receiving a total of £ 1 billion (1.396 million ECU)s during the con-

The Eighties represented a turning point as regards the EIB's lending activity to the industrial sector, for several reasons. Firstly, modernizing traditional industrial sectors, restructuring enterprises and areas hit by the crisis and promoting advanced technology sectors (as pharmaceuticals or ICT) became the new priorities.⁴² Secondly, the main goal changed, from supporting basic industry in order to promote development, to increasing the European enterprises' competitiveness on the global market.⁴³ Thirdly, compared to the previous years, the Bank increased credits to small and medium enterprises, through *global loans*.⁴⁴ Between the Sixties and the Seventies the global loans directed to SME were about 2-4% of credits; in the Eighties they reached 20-25% of the entire amount of the loans, exceeding the ordinary direct loans in the industrial sector.⁴⁵

Consistently with the change in the idea of development, the increasing attention paid to environmental issues was another novelty of the Eighties. The environmental problem, vaguely introduced into the European vision in the Seventies to become an autonomous policy with the Single European Act,⁴⁶ inspired more and more the Bank's activity.⁴⁷ Its commitment to the European environmental policy was mainly focused on waste water purification schemes and installation for reducing atmospheric pollution caused by power stations and industrial plants.⁴⁸ Among others, the Bank financed installation for the reduction of acid rains in Germany, filter for cement, iron and steel as well as chemical plants in Italy.⁴⁹

struction period, part of a wider credit (£ 5 billion) accorded by a group of international banks. HAEU, BEI, *Rapport Annuel*, 1978, p. 14.

⁴² E.g. the importance of the "Electronic revolution" supported by the EIB, HAEU, BEI, *Rapport Annuel*, 1986, p. 30.

⁴³ E.g. HAEU, BEI, *Rapport Annuel*, 1981, pp. 9-10.

⁴⁴ HAEU, BEI, *Rapport Annuel*, 1990, p. 25.

⁴⁵ Between 1982 and 1986 the direct loans for industrial projects amounted at 2728,7 million ECUs; the global loans amounted at 3318,3 million ECUs, HAEU, BEI, *Rapport Annuel*, 1986, p. 115.

⁴⁶ A. Jordan and V. Gravey, *Environmental Policy in the EU. Actors, Institutions and Processes*, Fourth Edition, Routledge, London and New York, 2021.

⁴⁷ In 1980 the amount for environmental goal amounted at 5,1 million ECUs; in 1985 it amounted at 323,9 million ECUs. HAEU, BEI, *Rapport Annuels*, 1980, p. 30; 1985, p. 117.

⁴⁸ HAEU, BEI, *Rapport Annuel*, 1987, pp. 27-28.

⁴⁹ HAEU, BEI, *Rapport Annuel*, 1987, p. 29.

3. Sustainable development and the Green Deal: “the EU’s climate bank”

In the Nineties, EIB continued its commitment in favor of the single market. In terms of infrastructures, the priority became the creation of trans-European networks⁵⁰ both in transport and in ICT, to support the free movements of goods, services, capital and people.⁵¹ In the industrial sector, the amount of loans was decreasing (just 17% of the total).⁵² By the second half of the decade, the Bank started to support also education and the health sector (school and university restructuring; students’ mobility; professional education programs; health structures) which increased even more the share of loans, signaling the change occurred in the idea of development. Furthermore, EIB made a more extensive use of global loans for SMEs, which reached 30% of lending.⁵³

EIB’s European loans allocation (1990-1999)

Infrastructure	78%	Industry, service, education, health and agriculture	22%
Transport:	35%	Industry	17%
Energy	17%	Service and agriculture	3%
Other infr.	26%	Education-Health	2%

During the same years, the idea of a sustainable development was globally recognized, and its principles were incorporated in the Maastricht Treaty, which considered the environmental protection

⁵⁰ HAEU, BEI, *Rapports Annuels*, 1990, pp. 18-19; 1992, p. 24.

⁵¹ One of the main purpose was the improvement of the trans-European transport and energy network HAEU, BEI, *Rapports Annuels*, 1991, pp. 28-29; 1994, p. 12.

⁵² Energy and infrastructure received 123082,6 million ecu / million euro (energy 26924,5 million; transport 54331,3); industry, services, health, education and agriculture received 33379 million (industry 26673,6; Education and health 1823 million), out of a total of 156462,4 million for individual loans. Personal process of bank’s data in HAEU, BEI, *Rapports Annuel*, 1994, p. 115; 1999, p. 127.

⁵³ Global loans received 37749 million during Nineties. HAEU, BEI, *Rapport Annuel*, 1999, p. 127.

as a common policy.⁵⁴ Within that framework, the Bank increased its action for the environment, paying particular attention to fund systems to limit pollution, waste treatment plants, water protection, instruments to improve the quality of life, urban development and metropolitan networks.⁵⁵ Among others, the bank financed gas desulphurization power plants, chemical, iron and steel companies;⁵⁶ companies, States and local administrations for district heating systems, sewers, traditional⁵⁷ and light rail,⁵⁸ waste water treatments. During the decade, about 30% of its operations were directed to finance projects aimed at protecting the environment.⁵⁹

The new attention to the environment was also evident in the extra-European development cooperation activity, with the participation of EIB in international projects such as Metap (Mediterranean Environmental Technical Assistance Programme, with IBRD and UNDP), the program for the protection of the Baltic Sea (with EBRD, IBRD and NIB) and others.⁶⁰

In the 21st century, EIB's action to support trans-European networks⁶¹ continued, also promoting public-private partnerships and privatization processes.⁶²

⁵⁴ Official Journal of the European Communities, Treaty on European Union, N.C 191/1, 29.7.92, Title XVI, Environment, Art. 130R-130T.

⁵⁵ E.g. HAEU, BEI, *Rapport Annuel*, 1992, p. 32.

⁵⁶ Eg. In 1993, Italian Enel received a 70,2 million ECU loan for the conversion to gas and the reduction of air pollution of Turbigo electric plant in Milan, HAEU, BEI, *Rapport Annuel*, 1993, p. 92.

⁵⁷ E.g. In 1995 the bank financed the construction of a new line of the Lisboa subway with a 101,4 million ECU loan. HAEU, BEI, *Rapport Annuel*, 1995, p. 100.

⁵⁸ E.g. In 1995 British West Midlands Passenger Transport Executive received a 47,9 million ECU loan for the construction of a light rail between Wolverhampton and Birmingham. HAEU, BEI, *Rapport Annuel*, 1995, p. 101.

⁵⁹ HAEU, BEI, *Rapport Annuel*, 1996, p. 30.

⁶⁰ HAEU, BEI, *Rapport Annuel*, 1992, p. 22.

⁶¹ HAEU, BEI, *Rapport Annuel*, 2003, pp. 17-19.

⁶² Energy and infrastructure received 225364 million euro (energy 43684 million; transport 112563); industry, services, education, health and agriculture received 88973 million (industry 42788; services 17202; Education-health 28626), out of a total of 314337 million for individual loans, Personal process of bank's data in HAEU, BEI, *Rapport Annuel*, Statistical Report, 2004, p. 32; 2009 p. 50.

EIB's European loans allocation (2000-2009)

Infrastructure:	72%	Industry, services, education, health and agriculture	28%
Transport	36%	Industry:	14%
Energy:	14%	Education-Health	9%
Other:	22%	Services:	5%

In the industrial sector, the Bank continued to support SMEs, considered as the backbone of the European economy, and the new ICT, helping the birth of the knowledge society.⁶³

EIB's European loans allocation (2010-2016)⁶⁴

Infrastructure	68%	Industry, services, education, health and agriculture	32%
Transport	28%	Industry	14%
Energy	20%	Education-Health	11%
Other	20%	Services	6%

Environmental protection had already become one of the Bank's objectives, to such an extent that in 2003 it elaborated its first report on the environment, affirming its purpose of investing at least 1/3 of loans in environmental projects.⁶⁵ In line with the global season opened by the signing of the Kyoto Protocol (1997), the attention was increasingly focused on climate change.⁶⁶

⁶³ In furtherance of the Lisbon Strategy, the EIB group launched the "Innovation 2000 initiative", for building "a European economy based on knowledge and innovation", HAEU, BEI, *Rapport Annuel*, 2002, pp. 14-16.

⁶⁴ Data classified by productive sectors are available until this period. Energy and infrastructure received 207101 million euro (energy 32054 million; transport 85354 million); Industry, services, health, education and agriculture received 98205 million (industry 42798; educational-health 33950; services 18028), out of a total of 305305 million for individual loans, Personal process of bank's data in HAEU, BEI, *Rapports Annuels*, Statistical Report 2014, pp. 44-45; 2015 pp. 44-45; 2016 pp. 44-45.

⁶⁵ In 2004 36% of individual loans went to projects aimed at safeguarding and enhancing the environment, HAEU, BEI, *Rapport Annuel*, 2004, p. 19.

⁶⁶ United Nation, Kyoto Protocol to the United Nations framework convention on climate change, 1998, <https://unfccc.int/resource/docs/convkp/kpeng.pdf>.

The Bank acted in two directions: first, following its traditional role of enterprises lender, it directed its loans towards energy saving measures, co-generation systems, renewable energy and decontamination projects, and, since 2005, it has supported the companies involved in the emission trading system;⁶⁷ second, starting to use specific financial instruments, as the issuing of the world's first green bond, the Climate Awareness Bond, introduced in 2007 and specifically aimed at sustaining projects connected with environmental protection.⁶⁸

After the Paris agreement, in 2019 the European Commission launched the European Green Deal, a commitment to promote decarbonization and achieve climate neutrality by 2050.⁶⁹ All the European institutions and policies are involved in that commitment, which can be considered as an actual EU strategy for the forthcoming decades.⁷⁰

The European Investment Bank plays a pivotal role in this strategy and it has recently announced some changes that will make it the "EU's climate bank", by making climate issues the core of its activity.⁷¹ The European climate action is consistent with the United Nations 2030 Agenda and its sustainable development goals.⁷²

According to its roadmap, published in 2020, EIB intends to fol-

⁶⁷ HAEU, BEI, *Rapport Annuel*, 2003, p. 22.

⁶⁸ HAEU, BEI, *Annual Report*, 2007, V. I, Activity and Corporate Responsibility Report, p. 48; European Investment Bank, *Evaluation of the EIB's Climate Awareness Bonds*, 2021.

⁶⁹ European Commission, Communication from the Commission, The European Green Deal, Brussels, 11.12.2019, COM(2019) 640 final.

⁷⁰ https://ec.europa.eu/clima/eu-action/climate-strategies-targets/2050-long-term-strategy_it.

⁷¹ "In November 2019, and in line with the political ambition behind the European Green Deal, the EIB Board of Directors decided to increase the level of climate and environment commitment for the EIB Group. This increased ambition has far-reaching implications for the Group, effectively transforming it from 'an EU bank supporting climate' into 'the EU climate bank'". European Investment Bank Group, *Climate Bank Roadmap 2021-2025*, European Investment Bank, Luxembourg, November 2020, p. V

⁷² The 2030 Agenda for Sustainable development was signed on 25 September 2015 by 193 United Nations member States. It includes 17 sustainable development goals. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>.

low two paths. First, promoting specific programs to combat climate change, by increasing “its level of support to climate action and environmental sustainability to exceed 50% of its overall lending activity by 2025.”⁷³ A commitment that involves, among others, projects for energy efficiency, renewable energies, technological innovations and the so-called carbon sinks, natural or artificial elements that contribute to improve the earth’s ability to absorb carbon. Secondly, adapting every project to the goal of climate neutrality, financing only those projects not in contrast with that objective, even if they are not explicitly aimed at that purpose.⁷⁴

This new role of “EU’s climate bank” does not prevent it from continuing to pursue its original task of supporting less prosperous areas, that will be the main recipients of loans in supporting the just transition, leaving no one behind. “Supporting cohesion was one of the founding principles of EIB when it was established in 1958. It continues to be a core priority – and hence the EIB Group will seek to ensure that no people or places are left behind along the transition pathway. This is of particular concern to regions that currently rely on carbon-intensive industries as a major source of local employment and income, and to those sectors and livelihoods most at risk from the impact of climate change.”⁷⁵

It is impossible to predict if the programs are respected and if Europe will be able to overcome the challenge. The ongoing pandemic and the Russian-Ukrainian war have raised new priorities in the last years. Nevertheless, the Green Deal continues to be considered not only as an objective, but as an actual strategy for a sustainable growth in the European Union for the forthcoming years.

⁷³ European Investment Bank Group, *Climate Bank Roadmap 2021-2025*, p. VI.

⁷⁴ European Investment Bank Group, *Climate Bank Roadmap 2021-2025*, p. VI.

⁷⁵ European Investment Bank Group, *Climate Bank Roadmap 2021-2025*, p. VIII.