

**‘ORGANIZED HYPOCRISY’ OR GENUINE TRANSFORMATION?**

**A Critical Evaluation of the European Investment Bank  
as ‘EU’s Climate Bank’**

By

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## ABSTRACT

This thesis critically evaluates the European Investment Bank's (EIB) declared transformation into 'EU's Climate Bank', assessing the progress made under the Climate Bank Roadmap 2021–2025. Drawing on the concept of 'organized hypocrisy' by Brunsson (2002) and the structural obstacles identified by Mertens and Thiemann (2023), this study examines whether the EIB is undergoing a genuine Climate Bank transformation, or is engaging in 'organized hypocrisy', as research on similar institutions might suggest. To address this, the thesis explores three sub-questions: (1) To what extent has the EIB implemented its Climate Bank Roadmap commitments? (2) How robust and comprehensive are the EIB's climate policies? (3) To what extent have structural obstacles identified in literature materialized in practice? Through a qualitative methodology combining institutional analysis, documentary analysis, and five expert interviews, several key findings were identified. While the EIB has met major quantitative targets, such as substantially increasing climate-related lending, funding for projects that are less aligned with market logic, related to adaptation, just transition or biodiversity remain insufficient. The research confirms structural obstacles identified in the literature, such as dependence on and influence from Member States, limited transparency and an unclear taxonomy. However, this does not mean that the EIB fully engages in 'organized hypocrisy'. Despite shortcomings, recent progress indicates a partial and strategically selective shift of the EIB towards a Climate Bank, shaped by its institutional constraints. This thesis contributes to the literature by discussing the structural obstacles with field experts and bridging institutional analysis with civil society critiques.

## AUTHOR'S DECLARATION

I, the undersigned, **Philipp Alexander Steininger**, candidate for the BA degree in Philosophy, Politics and Economics, declare herewith that the present thesis titled “‘Organized Hypocrisy’ or Genuine Transformation? A Critical Evaluation of the European Investment Bank as ‘EU’s Climate Bank’” is exclusively my own work, based on my research and only such external information as properly credited in notes and bibliography. I declare that no unidentified and illegitimate use was made of the work of others, and no part of the thesis infringes on any person’s or institution’s copyright.

I also declare that no part of the thesis has been submitted in this form to any other institution of higher education for an academic degree.

Vienna, 05 June 2025

Philipp Alexander Steininger

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# TABLE OF CONTENTS

Introduction .....	1
1 Contextualization and Background .....	5
1.1 Main Concepts.....	5
1.2 The Role of MDBs in the Green Transition.....	5
1.3 The EIB’s History .....	6
1.4 The EIB’s Position in the European Green Deal.....	7
1.5 The Climate Goals of the EIB .....	7
2 The Institutional Motivations and Obstacles of the EIB’s Climate Pivot .....	9
2.1 The Institutional Motivations behind the EIB’s Positioning as EU’s Climate Bank .	9
2.2 The Structural Obstacles for the EIB's Climate Bank Transformation .....	11
2.2.1 Self-Preservation .....	12
2.2.2 Resource Dependency .....	12
2.2.3 Transparency and Accountability.....	13
2.2.4 Taxonomy.....	13
3 Research Design.....	15
4 Results and Discussion.....	18
4.1 Evaluating the EIB’s Climate Bank Roadmap Commitments .....	19
4.2 Looking beyond EIB’s Self-Set Climate Bank Targets .....	23
4.2.1 Benchmarking the EIB against Other MDBs.....	23
4.2.2 Key Climate Bank Weaknesses beyond EIB’s Self-Set Metrics .....	24
4.3 Structural Obstacles in Practice.....	26
4.3.1 Self-Preservation .....	27
4.3.2 Resource Dependency: on Public Actors .....	28
4.3.3 Resource Dependency: on Private Actors .....	29

4.3.4	Transparency and Accountability.....	30
4.3.5	Taxonomy.....	32
4.4	Adressing the Main Research Question: 'Organized Hypocrisy' or Genuine Transformation .....	33
	Conclusion.....	36
	Bibliography.....	39
	Appendix .....	45
	Appendix 1: Information about Interviews .....	45
	Appendix 2: Interview Questionnaire .....	45
	Appendix 3: Interview Participation Form.....	49
	Appendix 4: Interview Consent Form .....	52

# LIST OF FIGURES AND TABLES

Figure 1: Schematic explanation for underperformance of less-marked-logic aligned projects ..... 22

Table 1: Overview Climate Bank Roadmap 2021-2025 progress key metrics ..... 19

Table 2: MDB climate alignment performance table ..... 23

Table 3: Interview responses on structural obstacles ..... 26

# LIST OF ABBREVIATIONS

Climate Bank Roadmap 2021-2025 (CBR)

European Investment Bank (EIB)

European Bank for Reconstruction and Development (EBRD)

European Green Deal (EGD)

Multilateral Development Bank (MDB)

Research sub-question (RSQ)

# INTRODUCTION

Addressing climate change requires collective institutional and political action. For this, scaling up climate finance – funding to reduce emissions, strengthen resilience and compensate losses – is crucial. To reach Net Zero by 2050, €5.7 trillion of climate finance is needed annually until 2030, and €6.7 trillion thereafter (Lee et al. 2023). In this context, Multilateral Development Banks (MDBs) play a key role in bridging public policy goals and private sector financing (Wright, Hawkins, and Orozco 2018; Mertens, Thiemann, and Volberding 2021).

Among MDBs, the European Investment Bank (EIB) – the world’s largest by volume (EIB 2025e) – has positioned itself as the ‘EU’s Climate Bank’ in Fall 2019 (Hoyer 2019a; EIB 2019). Through its Climate Bank Roadmap 2021–2025 (CBR), the EIB set ambitious climate goals and assumed a central role in the European Green Deal (EIB 2020d). As Vernoit et al. (2020, 8) note, the EIB was “*the first multilateral bank to pursue a formal process for consolidating its position as a Climate Bank.*”

While some scholars acknowledge the EIB’s growing climate-lending (Kavvadia 2023; Green Trenches 2025) – Green Trenches (2025, 18) even postulating a ‘significant internal transformation’ – concerns persist. These include greenwashing, inadequate transparency, lack of standardised frameworks, and political constraints (Vernoit et al. 2020; Kavvadia 2021a; Mertens and Thiemann 2023). This raises doubts about whether the EIB is engaging in what Brunsson (2002) terms ‘organized hypocrisy’ – actions aimed more at bolstering legitimacy than achieving genuine transformation (Mertens and Thiemann 2023). Civil society organisations echo these critiques, citing weak enforcement of environmental and social standards, intransparency, and missing ex-post evaluations (Ralev 2024; Bankwatch 2025). In

response, Mertens and Thiemann (2023) identified four structural obstacles to the EIB's Climate Bank transformation rooted in its institutional environment.

As 2025 marks the final year of the CBR and drawing on the concept of 'organized hypocrisy', this thesis asks: *Is the EIB undergoing a genuine transformation into a Climate Bank, or rather engaging in an 'organized hypocrisy'?* To ensure analytical accuracy three research sub-questions (RSQ) were developed: (RSQ1) *To what extent has the EIB implemented its CBR 2021-2025 commitments?* (RSQ2) *How robust and comprehensive are the EIB's climate-related policies and practices?* (RSQ3) *To what extent have structural obstacles identified in literature, materialized in practice?*

Critically evaluating the EIB's Climate Bank transition is necessary for several reasons. Research on similar institutions such as the World Bank shows that ambitious rhetoric may be followed by limited implementation (Weaver 2008; Babb 2009), rather reflecting ceremonial activities (Mertens and Thiemann 2023, 77). The EIB's Climate Bank model risks similar symbolic engagement, designed to bolster external legitimacy without internal transformation. Scholars and civil society actors thus emphasize the need for external critical oversight (Bankwatch Network 2019; Vernoit et al. 2020; Mertens and Thiemann 2023). Kavvadia (2021c) notes that the EIB climate transformation remains understudied – likely due to its recency. As the largest MDB and the first to explicitly pursue Climate Bank status, the EIB is under particular scrutiny to match its ambition with action (Vernoit et al. 2020).

To answer the research questions, the thesis employs three qualitative methods. First, an institutional analysis examines the EIB's history, its motivations for a climate pivot, and the literature on structural obstacles. Second, a documentary analysis reviewed EIB publications and NGO reports to evaluate how far the EIB has met its CBR commitments and the quality of its broader climate practices. Third, five semi-structured expert interviews were conducted with

internal (EIB staff) and external (NGO representative and an academic expert) stakeholders. Interview findings were triangulated internally across interviewee responses and externally with the institutional and document analyses to assess CBR implementation and the presence of structural barriers.

The findings are multiple. While the EIB has met major quantitative targets such as increasing climate-related lending from 31% in 2019 to 57% in 2024, funding for projects that are less aligned with market logic, related to adaptation, just transition or biodiversity remain insufficient. The research confirms structural obstacles, such as dependence on and influence from Member States, particularly if their interests diverge from EIB climate policies, limited transparency and accountability, and an unclear taxonomy. However, this does not mean that the EIB fully engages in ‘organized hypocrisy’. Despite these shortcomings, recent progress indicates a partial and strategically selective shift of the EIB towards a Climate Bank, shaped by its institutional constraints.

This thesis contributes to the debate on the EIB’s Climate Bank transformation in three ways: First, it assesses the degree to which the EIB has fulfilled its CBR 2021-2025 commitments using most recent lending data and a wide range of sources. Second, it evaluates EIB climate policies beyond internal targets, benchmarking them against other MDBs. Third, to the best of the author’s knowledge, it is the first study to discuss the four structural obstacles through interviews with diverse field actors. In doing so, it contributes to bridging the institutional scholarly debate with the civil society debate about concrete EIB (mal)practices by identifying project-level evidence that confirms or challenges these obstacles. By situating those (mal)practices within the broader institutional environment, this thesis contributes to understanding whether EIB shortcomings are incidental or structurally embedded.

The thesis begins by introducing the concepts of climate finance and climate banks and discussing the role of MDBs in the green transition. It then outlines the EIB's history, its role in the European Green Deal, and the commitments of its 2021–2025 Roadmap. A literature review follows, covering motivations behind the EIB's pivot and the structural obstacles it faces. The next chapter details the research design. This is followed by the results and discussion, structured around the three sub-questions, ending with addressing the main research question. The thesis concludes with a summary of findings and recommendations for future research.

# 1 CONTEXTUALIZATION AND BACKGROUND

This chapter provides contextualization and background information on the role of MDBs in the green transition, the EIB's history, its role within the European Green Deal and its key commitments that emerged from its climate pivot in 2019. First, I will briefly introduce two key concepts relevant to this thesis: climate finance and the Climate Bank.

## 1.1 Main Concepts

The term '*climate finance*' has been defined as '*local, national or transnational financing – drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change*' (UNFCCC 2025).

A Climate Bank or green bank – often used interchangeably – is a public financial institution mobilizing finance for the green transition (Vernoit et al. 2020). These banks have the mandate to bridge the gap between climate policy and (existing) climate finance, acting as hubs for expertise and ought to focus on activities with transformational potential.

## 1.2 The Role of MDBs in the Green Transition

Multilateral Development Banks play a critical role in the green transition and sustainable development. They fund large-scale infrastructure, typically long-term projects that create path dependencies for sustainable development, they shape policy and support with project preparation, and they complement governments' (assumed) limited resources by mobilizing private investments (Wright, Hawkins, and Orozco 2018). Their involvement is especially crucial given the enormous investments needs for the green transition, the EU alone is estimated to require additional €350 billion in annual investment to meet net-zero targets by 2050 (von der Leyen and Hoyer 2021).

However, to this day, MDBs contribute to climate and environmental harm by financing fossil fuels (O'Manique 2023). To rebuild low-carbon economies, it is essential to redirect these financial flows (Mertens and Thiemann 2023) and thus for MDBs to steadily increase their climate-related lending, to transform into Climate Banks. This is exactly what the EIB set out to do in their CBR. Next, I will briefly examine EIB's History.

### **1.3 The EIB's History**

The EIB was established in 1958 under the Treaty of Rome (1957) as the EU's public lending arm (Art. 130), tasked with promoting balanced economic development across Member States. Owned by the 27 EU countries, its governance and risk-sharing are based on the countries' individual financial capacity, each contributing capital, which serves as the bank's equity. France, Germany, and Italy hold the largest shares with 18.8% each (Gillet 2024; EIB 2025f). Historically, the EIB served as a counter-cyclical lender, especially during economic crises. About 80% of the EIB lending goes to EU Member States (Eperjesi 2021).

Although legally a non-profit institution as per Art. 309 TFEU (European Union 2016), the EIB has maintained conservative lending policies and cultivated a surplus-driven culture, for which it takes pride in (EIB 2020a; Mertens and Thiemann 2023). This consistent institutional growth has fostered a deep-rooted risk aversion (Mertens and Thiemann 2023), which highlights a dual challenge in its new role: balancing financial sustainability with stronger lending to green, usually riskier projects (Kavvadia 2021c).

In the 1990s and 2000s, the EIB cemented its role as a policy-driven bank that follows and adapts to the EU's long-term objectives (Mertens and Thiemann 2023). Its role in addressing the financial crisis of the 2010s brought it to the forefront of EU policymaking. In early 2019, calls emerged for the creation of a European Climate Bank, notably supported by Emmanuel Macron ahead the European elections (Macron 2019). Several weeks later, implicitly pushing

back against the idea of creating a new, competing institution, the EIB proactively stated that it is already “EU’s Climate Bank” (2019b). In July, Ursula von der Leyen (2019) supported Macron’s call for an EU Climate Bank, advocating for developing the existing EIB further rather than creating a new institution. In late September, EIB president Hoyer outlined the new climate-related goals (Hoyer 2019a). In November 2020, these goals were approved, becoming the main goals of the ‘Climate Bank Roadmap 2021-2025’ (EIB 2020b; 2020d).

## **1.4 The EIB’s Position in the European Green Deal**

The European Green Deal (EGD), launched in 2019, sets the ambition of making Europe the first climate-neutral continent by 2050 (European Commission 2021). The EIB is a central actor in this strategy, serving as the main financing partner through the Sustainable Europe Investment Plan (Mertens and Thiemann 2023). Its role extends beyond traditional lending to include several key functions: reorienting its portfolio toward green investments, blending public and private funds to de-risk climate projects, issuing green bonds, and helping shape regulatory frameworks like the EU taxonomy for sustainable finance (European Commission 2018).

## **1.5 The Climate Goals of the EIB**

The Climate Bank Roadmap 2021–2025 outlines three main commitments:

1. Support €1 trillion in investment for climate action and environmental sustainability between 2021 and 2030.
2. Allocate at least 50% of the EIB’s annual lending to climate and environmental objectives by 2025 and beyond.
3. Ensure that all new operations are aligned with the Paris Agreement by the end of 2020 (EIB 2020d).

The CBR 2021-2025 is structured around four main work streams, accelerating the transition through green finance, ensuring a just transition for all, building strategic coherence and accountability and supporting Paris-aligned operations, further information can be found in the official CBR 2021-2025 (EIB 2020d).

## **2 THE INSTITUTIONAL MOTIVATIONS AND OBSTACLES OF THE EIB'S CLIMATE PIVOT**

This literature review examines the debate around the motivations for the EIB climate pivot and the debate on structural obstacles for the EIB's climate pivot. These two debates inform the thesis' main part, the critical evaluation of the EIB climate pivot.

### **2.1 The Institutional Motivations behind the EIB's Positioning as EU's Climate Bank**

Various theories have been used to analyze the EIB's proactive Climate Bank positioning by examining its past institutional behavior (Pfeffer and Salancik 1978; Mertens and Thiemann 2019; Liebe and Howarth 2020; Coppolaro and Kavvadia 2022; Mertens and Thiemann 2023) European integration scholarship identifies two complementary yet potentially contentious characteristics of the EIB: First, the EIB acts as a policy entrepreneur, using its capacity and expertise to address economic, social, and environmental challenges (Liebe and Howarth 2020). Rather than passively following rules, it actively shapes policy with political actors, aligning initiatives with its financial priorities (Mertens and Thiemann 2023). This is evident in its self-initiated role as the EU's Climate Bank and the adoption of targets not mandated by stakeholders.

The second characteristic, based on resource-dependency theory (Pfeffer and Salancik 1978), views the EIB as seeking legitimacy from key stakeholders – especially Member States and the European Commission – to maintain relevance and resource access. To secure funding and institutional support, it adjusts its strategies to align with their interests (Mertens and Thiemann 2019; Coppolaro and Kavvadia 2022) Furthermore, institutional legitimacy frameworks

emphasize that aligning with climate finance trends enhances the EIB's credibility amid growing political focus on sustainability (Mertens, Thiemann, and Volberding 2021).

Apart from those two characteristics, the EIB's stakeholder behavior is also used to explain its climate pivot. Kavvadia (2021a; 2021b) argues that under stakeholder governance theory, the EIB has historically prioritized member state interests (Simon 1952; Barney 2018; McGahan 2020). Its shift toward climate action aligned with their interests, helping the Bank anchor a central role in emerging European economic governance (Kavvadia 2021c). However, not all Member States influence the EIB equally. Bruszt et al. (2022) found core Member States dominate over periphery Member States. Together, EIB's role as policy entrepreneur, its legitimacy-seeking behavior and its stakeholder prioritization, have driven institutional changes that have fueled its positioning as the EU's Climate Bank (Mertens and Thiemann 2023).

From the EIB's perspective, its climate pivot serves multiple objectives (Green Trenches 2025). It enhances the Bank's value proposition by aligning with the EU's sustainable finance agenda and the European Green Deal, demonstrating relevance to the Commission and Member States. Simultaneously, it opens new business opportunities and supports the EIB's long-term growth. With an annual climate financing gap of hundreds of billions (Andersson et al. 2024), the climate pivot enables the Bank's legitimate expansion (Green Trenches 2025).

While these explanations offer practical context on the EIB's motivations behind its climate shift, this thesis primarily focuses on two aspects: assessing the quality and comprehensiveness of the EIB's climate transformation, and whether institutional obstacles for this transformation, identified in the literature, manifest in practice. Although distinct aspects, understanding institutional motivations helps to uncover potential conflicts of interest within the EIB and its institutional environment that may impede a genuine transformation. The following section explores the debate on institutional obstacles to the EIB's Climate Bank transformation.

## 2.2 The Structural Obstacles for the EIB's Climate Bank Transformation

Public financial institutions may adopt certain goals and rhetoric as a way to secure legitimacy, even when their concrete actions fall short of transformative change. Research on the World Bank, for instance, suggests that despite ambitious and radical-sounding goals, in this case, in poverty eradication, the institution may allocate relatively limited resources to actual implementation (Weaver 2008; Babb 2009). Against this perspective, the EIB's Climate Bank model could carry the risk of engaging in largely symbolic or ceremonial actions aimed at securing legitimacy with external stakeholders. This interpretation aligns with the EIB's recurring adjustments to its business model to ensure organizational survival (Griffith-Jones and Naqvi 2021).

Mertens and Thiemann (2023) argue that the institutional interest of the EIB in self-preservation may lead to 'organized hypocrisy' (Brunsson 2002). Brunsson (2002) argued that discontinuities and conflicts within organizations, as well as the demands placed upon them, are managed through hypocrisy – by treating talk, decisions, and actions as separate tools that decision-makers use to cope with these tensions to secure legitimacy, reconcile contradicting demands from stakeholders and ensure survival. Put differently, to navigate these conflicts, organizations engage in hypocrisy by not matching their words and decisions with actions. As the EIB seeks legitimacy from a diverse set of stakeholders – such as Member States, the European Commission and other European institutions, the financial sector, and civil society – that often come with contradictory demands, this may result in discrepancies between the EIB's actions, decisions, and rhetoric (Mertens and Thiemann 2023).

Based on institutional scholarship on the EIB and other MDBs, Mertens and Thiemann (2023, 76–78) identified four structural obstacles rooted in the EIB's institutional environment that

may hinder its ability to become a Climate Bank and redirect its investments in a time-sensitive manner. They propose that these obstacles guide future research evaluating the EIB's climate pivot. The four structural obstacles are related to **self-preservation**, **resource dependency**, **transparency** and **accountability**, and **taxonomies**, and will now be presented. A more detailed explanation can be found in Mertens and Thiemann (2023, 76–78).

### 2.2.1 Self-Preservation

Mertens and Thiemann (2023) speculate that an increased focus on climate lending may threaten the EIB's profitability, potentially undermining its interest in self-preservation, as such investments often carry higher risks. While not part of its formal mandate, profitability has long enabled the EIB to maintain autonomy, secure shareholder support, negotiate for equity increases and expand operations (Kavvadia 2022; Mertens and Thiemann 2023). As a result, policies aimed at net-zero targets may be limited by concerns over their balance sheet strain. Mertens and Thiemann (2023) argue that this drive for self-preservation – central to institutionalist sociology (Powell and DiMaggio 1991) – may lead the EIB to engage in 'organized hypocrisy' (Brunsson 2002).

### 2.2.2 Resource Dependency

The EIB's resource dependency and consequent dependency on stakeholders who provide key-resources, such as the Member states or major capital market investors, could also represent a significant barrier (Mertens and Thiemann 2023).

We now examine the challenges of the EIB's dependency on public actors. Governed by the finance ministries of EU Member States, the EIB is subject to political pressure to align with national priorities, which may diverge from its climate objectives (Mertens and Thiemann 2023). Powerful states like Germany and France have tried to block the gas phase-out or

promote nuclear energy (Mertens and Thiemann 2023). In principle, Member States can urge the EIB's to adjust its mandate (e.g., to support rearmament).

This raises the question of whether the EIB can continue its path toward becoming a true Climate Bank if the overall policy environment shifts and climate issues become less of a priority. Kavvadia (2021a, 180) explored tensions the EIB faced during the post-COVID restart reprogrammes concluding that diverging Member States' interests, combined with the tension between institutional and market-oriented stakeholders, increase the risk of greenwashing, which *'does not bode well for the EIB's future climate activity'*.

Other challenges stem from the EIB's dependence on private actors. Even if the Bank accepts financial losses for climate goals, capital market actors may limit its ambitions. Bond investors might resist supporting high-impact higher-risk green projects essential for the green transition, while credit rating agencies could downgrade the EIB's crucial triple-A rating (Mertens and Thiemann 2023).

### **2.2.3 Transparency and Accountability**

Another important caveat relates to the transparency and accountability requirements that come with a shift toward climate-goal-driven investment policies. Mertens and Thiemann (2023) argue the CBR requires strong oversight and stakeholder scrutiny to be a credible commitment. Historically, such accountability clarifying criteria like additionality or regional distribution have been lacking and often hindered by the EIB (Ban and Seabrooke 2016; Mertens and Thiemann 2022; 2023).

### **2.2.4 Taxonomy**

Furthermore, the difficulty of establishing clear green taxonomies also represents a structural obstacle. Mertens and Thiemann (2023) argue that the risk of 'greenwashing' increases, without

clear benchmarks against which the EIB's climate-lending activities can be measured. The political nature of green taxonomies complicates assessments. Mertens and Thiemann (2023) highlight that the EIB's role in developing these metrics may create a conflict of interest, as it allows maintaining legitimacy without fully committing to the challenges of becoming a Climate Bank.

### **This Thesis' Contribution**

This thesis builds upon existing analysis by critically evaluating the extent to which the EIB's Climate Bank pivot reflects a genuine transformation or 'organized hypocrisy'. First, it will assess the extent to which the EIB has followed through on its CBR 2021–2025 commitments (RSQ1) and then evaluate the robustness and scope of its climate policies beyond self-defined targets (RSQ2). Additionally, five semi-structured expert interviews will explore the four structural obstacles and their practical manifestation. This thesis contributes by (1) being the first, to the author's knowledge, to critically examine these obstacles with field experts, advancing the scholarly debate, and by (2) linking institutional challenges to specific EIB climate-bank (mal)practices, bridging academic and civil society critiques on the EIB Climate pivot.

### 3 RESEARCH DESIGN

Three qualitative methods were selected to reflect the complexity of the research problem: First, an institutional analysis explores the EIB's history, motivations for its climate pivot, and structural obstacles identified in the literature. This method is essential for understanding how the EIB's institutional environment – such as its stakeholder dependencies – influences its climate transformation and where key constraints may lie (Mertens and Thiemann 2023).

Second, a documentary analysis was conducted using official EIB documents (e.g., annual reports, strategy papers, portfolio data) and external sources (e.g., civil society reports). This method supports the evaluation of the EIB's follow-up on its CBR-commitments (RSQ1) and the analysis of the robustness and scope of its climate policies (RSQ2).

Third, five semi-structured expert interviews were conducted to contrast, complement and validate findings from the institutional and documentary analyses, and to address RSQ3 on the manifestation of structural obstacles. Following von Soest (2023, 280), interviewees were selected for their direct involvement or analytical expertise on the EIB's climate agenda, including three EIB officials, one NGO representative, and one academic. A preliminary document and institutional analysis informed the questions; the questionnaire<sup>2</sup> is included in Appendix 2. A structured thematic content analysis was applied, and the findings were triangulated internally (across interviews) and externally (against the institutional and documentary analysis) to enhance confidence in the accuracy of information derived (Denzin 1978). Green Trenches (2025) also applied expert interviews in their EIB Climate Bank assessment.

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<sup>2</sup> The questionnaire in the appendix served as a base version, adapted individually to reflect each interviewee's specific expertise.

## Operationalization

The three research sub-questions were operationalized as follows:

**RSQ1:** The CBR outlines several primary targets which can be found in chapter 4. These targets served as benchmarks, and relevant data was gathered from EIB reports and public statements.

**RSQ2:** To evaluate robustness and comprehensiveness beyond internal and self-set EIB targets, two approaches were used; First, synthesizing independent critiques (e.g., from civil society or think tanks) that do not necessarily relate to any CBR targets but still to the EIB's climate activities, such as the Bank's project-based approach. Second, comparing the EIB's performance with other MDBs on Climate Bank relevant metrics. For this, the E3G's Public Bank Climate Tracker (2025) was used, which assesses MDBs based on six building blocks (and 15 sub-metrics): climate finance, climate risk and resilience, internal alignment, mitigation, policy support, and reporting.<sup>3</sup>

**RSQ3:** Structural constraints were defined based on Mertens and Thiemann's (2023, 76-78) and compared with patterns found in interview responses and documentary analysis. Each obstacle was presented to interviewees (see Appendix 2) who were asked to confirm, refute, or nuance their presence in EIB practice. Their responses were categorized as: strongly confirmed, confirmed, partially confirmed, not sure, not confirmed, not answered.

## Sampling and Interview Procedure

Appropriate experts were identified through online research. A total of 36 individuals were contacted, including EIB staff (12), former staff (1), MEPs (7), capital market actors (13), NGO representatives (2), and researchers (2). Five interviews were completed: three with EIB

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<sup>3</sup> A detailed description of this tracker, its metrics and their operationalization is on their [website](#).

officials, one NGO employee, and one researcher. Conducted online, interviews lasted 25–60 minutes and were recorded with prior consent. All procedures followed CEU ethics guidelines. The consent and participant form, along with additional information about the interviews, is in the appendix. Quotes were lightly edited for clarity without altering meaning.

### **Limitations**

Several limitations must be acknowledged. First, the small sample size – especially the underrepresentation of capital-market actors and policymakers – limits the generalizability of findings. Further interviews did not materialize due to limited external responsiveness and project scope. Second, my position as an external student researcher may have affected interviewee openness, especially among EIB officials, some of whom adopted cautious tones. Nonetheless, methodological triangulation and sourcing transparency strengthen the findings' credibility.

## 4 RESULTS AND DISCUSSION

This section is structured into four parts. The first three present and discuss the findings for each research sub-question (RSQ):

1. **To what extent has the EIB implemented its Climate Bank Roadmap 2021-2025 commitments?**
2. **How robust and comprehensive are the EIB's climate policies and practices?**
3. **To what extent have the structural obstacles materialized in practice?**

The final section consolidates the findings from the first three to address the main research question: **Is the EIB undergoing a genuine Climate Bank transformation, or is it rather engaging in 'organized hypocrisy'?**

## 4.1 Evaluating the EIB’s Climate Bank Roadmap Commitments

This section addresses research sub-question 1: *To what extent has the EIB implemented its CBR 2021-2025 commitments?* According to publicly available EIB documents, the EIB has formally met several headline targets or is on track to do so (EIB 2023a; 2023b; 2023c; 2024; 2025b). Table 1 provides an overview of EIB core targets, and the progress made.

*Table 1: Overview Climate Bank Roadmap 2021-2025 progress key metrics*  
Created by the author based on cited sources

<b>Targets</b>	<b>Progress</b>
<b>Supporting €1 trillion in climate-related investments between 2021–2030</b>	On track – €563 billion supported by 2024, assuming current annual levels are maintained (EIB 2025b).
<b>Scaling up climate lending to 50% of total lending by 2025</b>	Achieved – first reached in 2022. In 2024, climate lending was 57% (EIB 2025f).
<b>Aligning all new operations with the Paris Agreement by end of 2020</b>	Achieved, according to EIB reporting and internal methods (EIB 2023c). However, remains uneven, with continued support for projects of questionable Paris-alignment e.g. major roadworks, increased defense spending (WWF 2020; EIB 2025d).
<b>Ending financing for unabated fossil fuel projects by the end of 2021</b>	Achieved, per EIB reporting (EIB 2023). Still, loopholes allowed for new gas infrastructure projects deemed of common interest and co-financed by the EU budget until end of 2021 (EIB 2023a, 4).
<b>Increasing adaptation-related lending to 15% of climate finance by 2025</b>	Not achieved – adaptation made up 9.1% of climate finance in 2024, amounting to €4.6 billion out of €50.7 billion (EIB 2025a; 2025b).
<b>Support Just Transition related lending of €25 billion by 2027</b>	Currently not on track – only €409 million supported by mid-2023 (EIB 2023c; 2024).

However, several interviewees and sources from the documentary analysis highlight weaknesses in CBR implementation. For instance, the EIB has not yet met its goal of allocating 15% of climate finance to adaptation by 2025. As of 2024, the adaptation share stands at 9.1%, amounting to €4.6 billion (EIB 2025a; 2025b). EIB employee 1 attributed this to structural barriers: adaptation projects tend to be smaller in scale, offer lower returns (detering private capital), and are less prioritized by promoters who often lack expertise.

Similarly, the Bank is not on track to meet its €25 billion just transition investment target by 2027, having disbursed only €409 million by mid-2023 (EIB 2023c; 2024). The Bank also continues to fund large-scale road expansion projects. This, according to WWF (2020) and (Sporkmann, Liu, and Spinler 2023), is inconsistent with decarbonisation goals.

### **Shifting Responsibility of Enforcing Environmental and Social Standards**

Another significant weakness in the EIB's implementation is its outsourced responsibility model for environmental and social standards. Responsibility for compliance typically lies with project promoters, as acknowledged by EIB employee 1. The NGO interviewee cited cases like a wind farm near a Natura 2000 site in Bosnia and hydropower projects in the Western Balkans, where environmental impact assessments were bypassed or poorly executed due to local regulatory shortcomings, with little EIB intervention, which was confirmed by further sources (Ralev, Gallop, and Roggenbuck 2021; Ralev 2024). Civil society also criticizes the EIB's support for climate-harmful industrial agriculture in developing countries, often without adequate environmental or human rights assessments (ActionAid International 2024).

These cases suggest a weak enforcement culture, especially in non-EU contexts where governance structures may be fragile. Unlike other MDBs, the EIB is often absent on the ground and does not lead public consultations. EIB employee 1 acknowledged these gaps, citing resource constraints.

The NGO representative highlighted the risks of the Bank’s growing climate portfolio not being matched by robust implementation of its environmental and social safeguards:

“With its current approach all decisions and responsibilities are on the borrower and the public authorities. The EIB does not take much responsibility, as it should, in ensuring that these projects are indeed in line with standards.”

This discrepancy between formal alignment and practical enforcement signals a feature of ‘organized hypocrisy’, e.g. a divergence between talk and action (Brunsson 2002).

### **Legitimacy-Seeking Focus on Quantifiable Key Metrics Comes with Drawbacks**

The EIB has largely succeeded in signaling commitment and meeting self-set, quantifiable targets in which large-scale projects like energy and infrastructure play a central role (EIB 2025b). However, its performance is weaker in areas less aligned with market logic, such as just transition, climate adaptation, and biodiversity. These projects typically involve smaller-scale investments, are often located outside the EU, and attract limited private financing due to lower profitability or more complex risk profiles, making public institutions like the EIB crucial, yet their engagement remains limited.

External factors, such as a lack of bankable adaptation projects due to limited private sector interest or expertise, as noted by EIB employee 1, contribute to this. Nevertheless, EIB’s own policies also play a role. This pattern is best explained when interpreting the Bank as a ‘legitimacy-seeking institution’, as discussed in the literature (Kavvadia 2021c; Mertens and Thiemann 2023). In this framework, the EIB prioritizes actions with high reputational payoff, such as meeting quantifiable targets. Since two of its three key metrics<sup>4</sup> focus on volume, this reinforces incentives to support large, easily quantifiable, market-aligned projects. In contrast,

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<sup>4</sup> Among several core targets, three are most prominently communicated: scaling climate lending to 50% by 2025, aligning all new operations with the Paris Agreement by end of 2021, and supporting €1 trillion in climate-related investments from 2021 to 2030.

smaller and less market-aligned projects focused on biodiversity, adaptation, and just transition – are deprioritized, see figure 1.

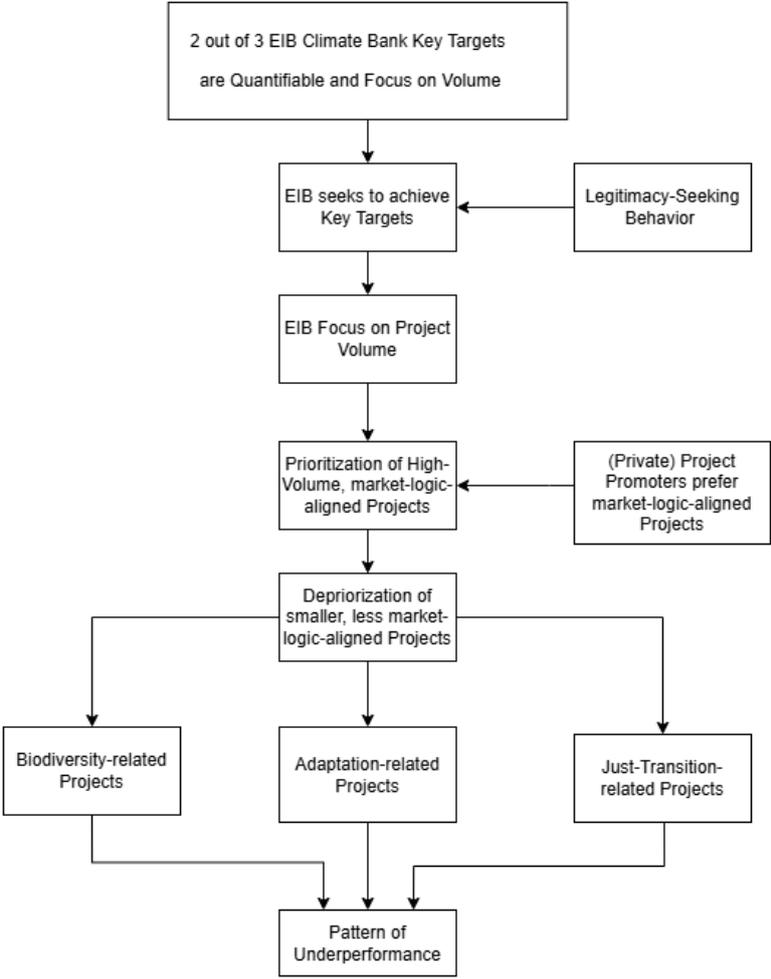


Figure 1: Schematic explanation for underperformance of less-market-logic aligned projects  
 Author’s work, based on findings from documentary analysis and interviews

By prioritizing large, market-friendly investments, the EIB risks sidelining initiatives crucial for climate resilience that are less commercially attractive. This underscores a fundamental tension the EIB faces: balancing the commercial logic it is exposed to with public policy goals (development, integration, climate...) outlined in its mandate (European Economic Community 1957; Laszlo Bruszt, Medve-Bálint, and Piroska 2022). Ultimately, institutional dynamics – driven by self-legitimation and market pressures – restrict the EIB’s ability to lead transformative climate action where public investment is most necessary.

## 4.2 Looking beyond EIB’s Self-Set Climate Bank Targets

This section addresses research sub-question 2: *How robust and comprehensive are the EIB’s climate policies and practices?* While it overlaps with RSQ1 – since most climate policies and practices fall under the CBR 2021–2025 – this thesis examines them separately, because meeting self-defined CBR targets does not necessarily indicate robust or comprehensive climate bank performance, as institutions are incentivized to excel on their own metrics (Merton 1940; Weber, Roth, and Wittich 1978). To address this, section (a) benchmarks the EIB against other major MDBs and (b) discusses recurring critiques beyond the CBR’s internal metrics.

### 4.2.1 Benchmarking the EIB against Other MDBs

To assess the EIB’s climate alignment in a broader institutional context, the E3G Public Bank Climate Tracker was consulted (E3G 2025). In total, 15 metrics are evaluated for each bank, each rated in one of four categories – ‘Transformational’ being the highest and ‘Unaligned’ the lowest. Table 2 presents the results.

*Table 2: MDB climate alignment performance table*  
 Created by the author based on E3G Public Bank Climate Tracker Matrix

<b>MDB</b>	<b>Transformational</b>	<b>Paris Aligned</b>	<b>Some Progress</b>	<b>Unaligned</b>
<b>EIB</b>	3	7	5	0
<b>IDB</b>	3	6	6	0
<b>WBG</b>	2	7	6	0
<b>ADB</b>	2	6	7	0
<b>EBRD</b>	2	5	8	0
<b>AfDB</b>	1	5	6	3
<b>AIIB</b>	0	4	7	4
<b>IsDB</b>	0	2	5	8

According to this tracker<sup>5</sup>, the EIB ranks top among the MDBs in alignment with the Paris Agreement. It should be noted that the EIB is the largest MDB in terms of lending and borrowing volumes (Smith-juvelis and Udywar 2023; EIB 2025e).

Despite the EIB's strong performance, it still falls short on five sub-metrics in which it only achieved 'some progress': such as 'adaptation and resilience', which is in line with the findings from RSQ 1 and 'nature and biodiversity', which has also been identified as weakness during the interviews and documentary analysis (Ralev, Gallop, and Roggenbuck 2021; ActionAid International 2024); 'greenhouse gas accounting', 'country engagement' and 'energy access and equity'.

## **4.2.2 Key Climate Bank Weaknesses beyond EIB's Self-Set Metrics**

### **Project-based Approach Undermines Transformational Leverage**

A key weakness in the EIB's approach is its focus on project-based assessments rather than evaluating clients' overall decarbonization strategies. As noted by the interviewed NGO and multiple reports (Counter Balance 2020), this allows fossil-fuel-intensive companies like TotalEnergies to receive funding for isolated green projects. This undermines EIB's potential to drive structural decarbonization across entire business models or sectors.

In response, the EIB introduced the PATH framework (EIB 2023d), requiring decarbonization plans from corporate clients and excluding certain non-Paris-aligned activities (e.g., Arctic drilling). While initially welcomed by NGOs, loopholes remain. Especially for intermediary financing or RePowerEU-labelled projects (Vanaerschot, Thomson, and Jost 2024). The case of the Polish utility PGE, discussed below, further shows that PATH lacks qualitative criteria

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<sup>5</sup> A detailed description of this tracker, its metrics and their operationalization is on their [website](#).

for what constitutes a “credible” decarbonization strategy. EIB employee 1 noted updated guidance is expected under CBR Phase II by the end of 2025.

### **Public Funds for Private Profits**

Another recurring critique targets the EIB’s allocation of public finance to highly profitable corporations unlikely to need subsidized, long-term loans. Between 2020 and 2023, the Bank lent €11 billion to seven major firms that collectively earned €100 billion in profits and paid €37.4 billion in dividends in the same period (Counter Balance 2024). This raises concerns about whether such lending truly aligns with the EIB’s mandate to serve public interest (EIB 2020c).

### **Doubts about EIB Climate-related Metrics**

Lastly, the credibility of EIB’s climate finance metrics has been questioned by leaked internal assessments (Financial Times 2025), suggesting its Green Asset Ratio under new EU rules may be as low as 1% – far below the self-reported 57% climate lending share in 2024 (EIB 2025b). While EIB officials declined to comment, the discrepancy highlights broader concerns about transparency and the reliability of its climate finance claims.

Overall, the EIB’s climate policies are relatively robust compared to other MDBs, ranking high in Paris Agreement alignment. However, key weaknesses remain, including a narrow project-level focus, questionable public fund allocation, and inconsistent climate finance metrics. Though strong on paper, implementation lacks complete coherence and transformational impact, as reflected in RSQ1 findings.

### 4.3 Structural Obstacles in Practice

This section addresses research sub-question 3: *To what extent have the structural obstacles identified by Mertens and Thiemann (2023) materialized in practice?* The authors identify four obstacles for the EIB’s Climate Bank transition in its institutional environment: **(1) Self-preservation, (2) Resource Dependency, (3) Transparency and Accountability, (4) Taxonomy**<sup>6</sup>. In line with Mertens and Thiemann (2023) structural obstacles are understood as recurring institutional, political, and economic constraints embedded in the organizational architecture and external dependencies of the EIB. Table 3 summarizes the interview responses<sup>7</sup>

Table 3: Interview responses on structural obstacles

Structural Obstacle	EIB – Staff 1	EIB – Staff 2	EIB – Staff 3	NGO Representative	Researcher
Self-preservation: Profitability-related	Not confirmed	Not answered	Not confirmed	Partially confirmed	Not confirmed
Self-preservation: Legitimacy from Stakeholders	Not confirmed	Confirmed	They were not sure	Not answered	Confirmed
Resource-Dependency Public Actors	Partially confirmed	Confirmed	Partially confirmed	Strongly confirmed	Confirmed
Resource-Dependency Private Actors	Not confirmed	Confirmed	Not confirmed	They were not sure	Not confirmed
Transparency & Accountability	Not confirmed	Not confirmed	Partially confirmed	Strongly confirmed	Confirmed
Taxonomy	Not confirmed	Confirmed	Confirmed	Confirmed	Confirmed

<sup>6</sup> Please find a detailed description of the obstacles in chapter 2 or in Mertens and Thiemann (2023, 76-78).  
<sup>7</sup> ‘Confirmed’ means that the structural obstacle has been confirmed by the interviewee as a structural obstacle for the EIB climate bank transition.

The responses suggest the relevance of three obstacles: (1) Dependency on and consequently influence from core public stakeholders, especially the Member states, (2) Transparency and Accountability, and (3) Taxonomy.

### **4.3.1 Self-Preservation**

According to Mertens and Thiemann (2023), the EIB's tendency toward self-preservation whether through maintaining profitability or balancing legitimacy among multiple stakeholders – may hinder its climate transformation. For analytical reasons, it is useful to distinguish between two forms: profitability-related self-preservation and stakeholder-legitimacy seeking-related self-preservation. While interview findings do not confirm the former, they partially support the latter.

Regarding profitability, the researcher, EIB staff 1 and EIB staff 3 observed that although green projects may involve higher risk, the Bank has remained profitable (about €2 billion/year), with risk – not reduced returns – seen as the key concern.

On stakeholder legitimacy, EIB staff 1 and 3 highlighted broad board approval of the CBR 2021-2025. The researcher emphasized that if Member States prioritize climate, the EIB's legitimacy-seeking can be enabling rather than constraining – aligning with Kavvadia's (2021c; 2021a) findings. However, EIB Staff 2 argued that the recent policy shifts toward defence, innovation and competitiveness (EIB 2025d; 2025c) will undermine the EIB climate ambitions.

These insights suggest that Member State policy preferences – rather than the EIB's internal financial conservatism – determine whether self-preservation becomes a constraint for the climate pivot.

### 4.3.2 Resource Dependency: on Public Actors

The EIB's resource dependency on public actors – particularly Member States – and their resulting influence over the Bank clearly emerged as a structural obstacle to its climate transition, as all interviewees at least partially confirmed it.

The NGO representative cited the Polish utility PGE, which, after receiving an EIB loan, withdrew a more ambitious decarbonization plan due to pressure from the Polish government and miners (*Reuters 2023a; Reuters 2023b*). The EIB accepted the weaker plan despite initially demanding the stronger one, highlighting its limited influence over politically pressured clients. This is in line with the findings from Kavvadia (2021b; 2021c), who emphasizes that the EIB prioritizes the Member States' interests most.

EIB employee 2 cited shifting EU and Member State priorities toward competitiveness, innovation, and defense (von der Leyen 2025; EIB 2025d) as undermining EIB's climate ambitions. They noted internal confusion about aligning defense with climate goals, even among senior staff, and that the Environmental Division within the Project Directorate may be split and transferred to other departments, reducing climate-specific capacity. These observations align with Kavvadia (2021a), who argued that shifting Member State priorities during the COVID-19 pandemic partially undermined EIB climate ambitions.

In contrast, employees 1 and 3 maintained that climate remains central, citing the upcoming CBR phase two. Employee 3 added that the 43–50% non-climate lending share provides sufficient room for new priorities. However, these loans must still meet the Bank's requirement of being Paris-aligned, i.e. causing no significant climate or environmental harm. Whether this remains feasible amid rising defense lending is debated and may warrant further research.

However, stakeholder dynamics around natural gas show that Member State pressure does not always weaken EIB climate policies. Employee 1 acknowledged such pressure ahead of the upcoming policy reviews but expects policies to remain unchanged.

Therefore, the extent to which this pressure translates into policy change appears to depend on the number and influence of dissenting Member States. Future research could explore these dynamics further, building on Bruszt et al. (2022) findings on heterogeneous Member State influence – particularly core state dominance.

### **4.3.3 Resource Dependency: on Private Actors**

In contrast, the idea that resource dependency on private actors (e.g., rating agencies, institutional investors) poses a structural obstacle to the EIB's climate transition received limited support from interviewees, with only one confirmation.

EIB employee 1 denied that the Bank's AAA rating is threatened by its climate shift, citing continued solid profits. The researcher agreed. Employee 1 further rejected the idea that private actors limit the Bank's climate ambitions, pointing to the oversubscription of EIB green bonds as proof of strong market demand (Investor and Dohle 2025). They further noted that private banks increasingly adopt the EIB's sustainability methodologies. The NGO representative was unsure about the role of private actors in the EIB's climate pivot but suggested they may influence the Bank's preference for large, lower-risk loans aligned with capital market interests.

Overall, interviewees offered limited support for the idea that resource dependency on private actors hinders the EIB's climate transition. Several instead highlighted a dynamic of mutual influence. In sum, private actors appear less obstructive and more aligned with the EIB's climate ambitions than assumed.

### **4.3.4 Transparency and Accountability**

A systemic lack of transparency and accountability has been identified as a significant structural barrier to the EIB's climate transition. It enables the Bank to adopt ambitious policies without ensuring their full implementation. This concern was affirmed by the NGO representative, the researcher, and various other sources, partially confirmed by EIB employee 3, and disputed by EIB staff 1 and 2.

#### **Governance Challenges and Banking Oversight Shortcomings**

The NGO representative identified the EIB's governance structure as a key barrier to transparency and accountability. They argued that non-resident Board members, with limited capacity and competing professional commitments, cannot effectively oversee management or scrutinize the projects they approve – despite approving loans of up to €80–90 billion annually (EIB 2025g). Investigative reports exacerbate concerns, highlighting favoritism, fraud and accountability issues, especially within the small management committee, which prepares projects for the Board's approval (Eccles and Di Sario 2024; Butler 2024).

These accountability concerns are echoed by the German and Austrian Courts of Audit (Bundesrechnungshof 2024), which highlight weak banking control stemming from the EIB's governance framework, the lack of external banking supervision, and the exclusion of approximately three-quarters of EIB operations (about. €70 billion annually) from the European Court of Auditors' mandate. The EIB's internal Audit Committee is also perceived as limited in scope and independence. The auditors recommended subjecting the EIB to EU banking regulation, aligning it with comparable commercial banks. EIB employee 3 acknowledged that the banking oversight is more limited than desired. Internal EIB staff surveys echo transparency concerns, with only 19% in 2019 confident that the Management Committee exemplifies ethics and integrity (Dorpe 2024).

EIB employee 1 rejected claims of insufficient transparency, stating that the EIB’s policy meets high standards, with policies and project information publicly available. While some details are withheld for business reasons (e.g., business strategies, interest rates), they asserted that all climate and environmental-related data are accessible upon request. This contrasts with the experience of ClientEarth, which in 2018 requested information on the EIB’s approval of a loan for a biomass power plant. The EIB withheld the requested information, prompting ClientEarth to bring the case before the European Court of Justice. As of now, the case remains ongoing (Client Earth 2023).

### **Civil Society Engagement and Project-Level Accountability**

Several NGOs (Bankwatch Network 2021; eurodad 2023), including the interviewed NGO, criticized the EIB’s limited civil society engagement at both policy and project levels. EIB employee 1 noted that while public consultations exist, not all policies undergo them, and the Board’s non-resident nature limits frequent, in-depth engagement. They added that responsibility for upholding social and environmental standards lies with local project promoters – a practice the NGO representative strongly criticized, see chapter 4.1. Shifting standard-enforcement to project promoters is especially problematic given the EIB’s limited ex-post project evaluations. Both the NGO representative and researcher noted the lack of project-specific reviews.

While EIB staff tend to reject allegations of poor transparency and accountability, evidence from interviews and reports, and scholarly literature confirms these remain key structural challenges, undermining the Bank’s credibility and effectiveness as a Climate Bank.

### 4.3.5 Taxonomy

The fourth structural obstacle concerns unclear and overly complicated taxonomy criteria and how the EIB applies them. They define which investments qualify as ‘green’. All interviewees but EIB employee 1 confirmed this concern.

EIB employee 2 expressed concern over the clarity of internal environmental and social frameworks for project evaluation, describing them as vague, generic, and overly reliant on personal judgment. EIB employee 3 partially supported this. Employee 2 contrasted this with more detailed standards used by the World Bank and emphasized the need for more straightforward guidelines to reduce subjective interpretation.

This view aligns with the researcher’s assessment, who noted that while the EIB’s climate policies, appear strong on paper, the problem lies in their application. They described a “large margin of freedom” in project evaluations that enables inconsistent enforcement. This is evident in cases like hydropower projects in the Western Balkans, which received funding despite poorly conducted environmental assessments (Ralev, Gallop, and Roggenbuck 2021).

Overall, how the EIB applies green taxonomy criteria has been confirmed as a structural issue for its climate transition. While the Bank presents its approach as robust and supports strict standards, internal and external critics highlight vague internal frameworks, inconsistent application, and excessive reliance on personal judgment. These gaps, combined with weak transparency and accountability, enable financing of environmentally and socially problematic projects despite formal policies.

## 4.4 Addressing the Main Research Question: 'Organized Hypocrisy' or Genuine Transformation

This section reflects on key literature and the findings from the three research sub-questions to address the main research question: *Is the EIB undergoing a genuine Climate Bank transformation or is it rather engaging in 'organized hypocrisy'?*

### Voices from Literature

Reflecting on the structural obstacles identified, Mertens and Thiemann (2023, 78) argue that the EIB's willingness to assume greater financial risk in climate-related investments is a key indicator of whether it is genuinely transforming. Particularly given the EIB's historically risk-averse stance and preference for profitability to ensure independence from stakeholders. A key measure they identify is increased financial provisioning for potential climate-lending-related losses. If tied to strategic investment policy shifts toward riskier categories, this would indicate that climate change policies have become “the *central pillar of its organizational existence*” (Mertens and Thiemann 2023, 78).

Seemingly inspired by this approach Green Trenches (2025) analysed the development of EIB's 'special activities' – lending operations associated with higher risk. Using both public and proprietary data, they found that these activities increased from €0.4 billion in 2020 to €9.0 billion in 2023, with climate-related projects accounting for 53% of special activities by 2022 (2025, 16). They interpret this as a notable shift for an institution long seen as conservative (Toplensky and Barker 2019). They conclude that the changes within EIB practices, including the increase in higher-risk activities, counter earlier claims that the EIB was merely engaging in ceremonial compliance (2025, 18).

However, recent EIB communications (EIB 2022; n.d.) and interviews indicate that the growing risk appetite extends beyond climate goals. EIB employee 2 noted that internal shifts toward defense, competitiveness, and innovation also involve higher project risks. This indicates a broader institutional acceptance of risk in pursuit of diverse public policy objectives, not just climate transformation. While increased high-risk climate lending is significant and marks a departure from traditional practices, I argue that it alone does not fully demonstrate the seriousness or quality of the EIB's climate transformation. As discussed previously, several critical shortcomings persist.

### **Consolidating the Results of this Thesis**

The main findings from the previous sections can be summarized as follows:

- The EIB has formally met key Climate Bank Roadmap commitments and significantly increased climate-related lending. However, transparency and consistency in several implementation areas remain limited.
- The EIB falls short in areas less aligned with market logic, such as adaptation, Just Transition, and biodiversity finance. This pattern represents a significant weakness since these sectors rely heavily on public funding.
- The Bank delegates social and environmental standards enforcement to local project promoters, often resulting in non-compliance, particularly in regions with weak institutional capacity.
- Its climate policies and practices have improved but continue to prioritize mitigation-oriented, high-volume, and technology-driven projects rather than those with broader systemic impact (e.g. reducing resource use). The project-based approach limits its ability to exert deeper transformational leverage across entire organizations or sectors.

- Structural obstacles manifest in practice. The dependency on and influence from Member States, a systemic lack of transparency and accountability, and the vagueness of internal project assessment criteria (Taxonomy), appear to have shaped the operational limits of the EIB Climate Bank transformation.

Although climate policies and practices have evolved, the EIB's institutional context has not. Its governance structure, dependency on Member States, and exposure to market pressures still restrict two core aspects of climate transformation: (a) operational transparency and accountability, and (b) long-term top-priority commitment to decarbonization. As these two factors are crucial to ensure that the ambitious climate policies consistently translate into robust implementation, we cannot speak of a genuine transformation, where decarbonising the economy is at the core of the EIB's practices.

That said, this does not imply the EIB is fully engaged in '**organized hypocrisy**'. While discrepancies remain between the Bank's stated commitments (talk) and implementation (action) – especially regarding standards enforcement and project selection (e.g. underperformance in adaptation) – there are clear signs of substantive change. Notable examples include the increase in climate-related lending since the adoption of the CBR from 31% to 57%, the support of €563 billion in climate-related investments over the last four years, and the EIB becoming the first MDB to adopt and largely implement an end to financing for unabated fossil fuel projects (EIB 2025b).

These shifts are not merely rhetorical. They reflect real institutional effort and legitimacy seeking alignment with EU strategies, mainly the European Green Deal. These efforts also result in the EIB ranking among the best MDBs globally regarding its Climate Bank practices. Together, these developments suggest a **partial transformation** not fully, but strategically selective and shaped by the EIB's institutional constraints.

## CONCLUSION

This thesis set out to critically evaluate the European Investment Bank's self-declared transformation into the "EU's Climate Bank." As the world's largest MDB and the first to formally commit to becoming a Climate Bank, the EIB's transformation carries symbolic and practical significance for aligning public and private finance with climate goals. With the first Climate Bank Roadmap 2021–2025 nearing completion, this study offers a timely assessment of the Bank's progress.

Using Brunsson's (2002) concept of 'organized hypocrisy' alongside the structural obstacles identified by Mertens and Thiemann (2023), the research investigated whether the EIB's climate bank efforts represent genuine institutional change or primarily symbolic rebranding.

Employing a triangulated qualitative methodology that combined institutional analysis, documentary review, and expert interviews, this study produced several key findings. First, the EIB has met or is on track to meet major quantitative targets, such as increasing the climate-related lending share above 50%. However, prioritizing market-aligned, mitigation-focused projects has largely driven this progress. In contrast, sectors crucial to climate resilience – such as adaptation, Just Transition initiatives, – remain substantially underfunded while biodiversity concerns are often neglected in project implementation. Given these areas' reliance on public financing, this imbalance highlights a significant weakness.

Second, several structural obstacles have been confirmed, namely dependency on and influence from Member States, and limited transparency and accountability, and unclear project assessment criteria. Despite substantial policy reforms, the EIB's institutional framework remains largely unchanged. This restricts its capacity to improve transparency, enforce

accountability (due to its governance structure), and maintain climate action as a long-term priority amid shifting Member State policies.

Third, while discrepancies exist between the EIB's public commitments and its practices, it would not be accurate to characterize the Bank's efforts as entirely 'organized hypocrisy'. The EIB has made significant progress – accelerating its climate-related lending from 31% in 2019 to 57% in 2024, supporting €563 billion in climate investments since 2021, and pioneering the decision to mostly end financing for unabated fossil fuel projects (EIB 2025b). These developments demonstrate alignment with EU strategies, such as the European Green Deal. Overall, the EIB's transformation appears partial and strategically selective, constrained by its institutional and political environment, rather than a full, genuine Climate Bank transformation.

These findings contribute to the literature by providing a comprehensive evaluation of the EIB's progress toward its CBR objectives. To the best of the author's knowledge, this is the first study to discuss Mertens and Thiemann's (2023) structural obstacles with external and internal experts. By linking micro-level civil society critiques with macro-level institutional analysis, this thesis attempts to bridge the academic and civil-society led debate.

The study's limitations include a restricted diversity of interview participants, particularly the absence of voices from capital markets, politicians, oversight bodies, and senior EIB staff. Future research would benefit from engaging these perspectives.

While Member State influence and shifting policy priorities are confirmed structural obstacles, existing evidence suggests that their impact on EIB policy depends on the number and political weight of dissenting states. Further research could explore these dynamics in the context of the EIB's climate pivot, building on Bruszt et al. (2022) and their findings on heterogeneous Member State influence.

Additionally, with the second phase of the CBR approaching, it will be crucial to assess whether it brings stronger ambitions, clearer EIB-client conditionalities, and improved accountability. This is especially important given the EIB's new priorities – defense, innovation, and competitiveness – which may complicate its climate commitments.

In sum, the EIB's transformation into a Climate Bank is ongoing but incomplete. It reflects tangible progress interwoven with enduring institutional constraints and strategic selectivity. Recognizing this partial transformation is crucial for understanding the Bank's role as a climate actor and the broader challenges faced by public financial institutions striving to align with global climate objectives.

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# APPENDIX

## Appendix 1: Information about Interviews

As part of this thesis 5 semi-structured expert interviews were conducted. NGO representative (05.05.25), EIB employee 1 (05.05.25), Researcher (06.05.25), EIB employee 2 (15.05.25), EIB employee 3 (19.05.25). Due to availability constraints, the interviews with EIB employee 2 and EIB employee 3 lasted approximately 30 minutes, while the others lasted around 60 minutes. EIB employee 1 has been with the institution for over five years, whereas the other two had each been at the EIB for less than two years. These factors contributed to EIB employee 1's responses being more prominently reflected in the findings. EIB employee 2 also provided written responses to a few questions not covered during the interview.

## Appendix 2: Interview Questionnaire

1. Questions related to the background of the interviewee:
  - a. Could you briefly describe how your work is related to the EIB's Climate Bank transformation?
  
2. What is your opinion on the EIB's efforts to become a Climate Bank, particularly since late 2019?
  - a. What is the EIB doing well in this regard?
  - b. What could be improved?
    - i. On which metrics is your assessment based?
    - ii. Why are they important?
  - c. Can you think of any (other) criteria that would indicate a serious climate-commitment by the EIB?
  - d. How would you compare the EIB to commercial banks or the EBRD?
    - i. Is the EIB more green? If so, why?
  
3. Next, I would like to focus on more qualitative aspects that might be relevant to the EIB's efforts to become a Climate Bank. Mertens and Thiemann (2023) **identified four structural obstacles related to the EIB's environment that may hinder its transformation into a Climate Bank and its ability to redirect investments.** I'd

like to hear your opinion on these four **obstacles** - whether you share similar concerns and, if so, why, or if you do not, then also why not. Is that okay?

- a. First, I will briefly outline the obstacles, and then ask you to share your thoughts.

### **Obstacle 1: Self-preservation**

Summary and explanation: *Mertens and Thiemann (2023) argue that adding explicit climate goals to the EIB's mandate could undermine its profitability, as projects with higher climate impact might/tend to come with higher financial risks. Historically, the profitability of the EIB was important for its autonomy and ability to expand its equity base and operations. They further argue that institutional interests in self-preservation, by seeking legitimacy from diverse stakeholders with seemingly different interests, might lead to strong gaps between EIB's actions and words.*

- b. What is your opinion on this supposed obstacle?
- c. Additionally, did you see this obstacle at play in the past? If so, how?
  - i. Do you see this obstacle in play right now? If so, how?

### **Obstacles 2: Resource-Dependency**

Summary and explanation: *According to Mertens and Thiemann (2023) a further obstacle may come from the EIB's dependency on crucial actors in its environment. This supposed hurdle can be structured in two subsections. First, dependencies on public actors, such as Member States, and second, dependencies on private actors, such as large capital market investors.*

#### **Obstacle 2.1: Resource-Dependency on Public Actors:**

*Let's start with **public actors**. The EIB is subject to political pressures to adhere to Member States' policy priorities, which might strongly diverge from its own stated (climate) goals. Powerful Member States, such as Germany or France, have already sought to veto the phasing out of investment projects regarding gas or push for the inclusion of nuclear power. In other words, resource dependency on powerful public actors may become a significant barrier for EIB Climate Bank transformation.*

- a. What is your opinion on this supposed obstacle?
- b. Additionally, did you see this obstacle at play in the past? If so, how?
  - i. Do you see this obstacle in play right now? If so, how?

#### **Obstacle 2.2: Resource-Dependency on Private actors:**

*Alternatively, the EIB could be empowered to prioritize political (climate) goals over financial returns, accepting losses to advance them. However, Mertens and Thiemann (2023) warn that capital market actors may constrain such ambitions: bond investors might avoid investing in high-impact high-risk green projects, rating agencies could downgrade the EIB's vital triple-A status, [and institutional investors important for*

*the blended finance approach, may engage only superficially to protect profits.] In other words, resource dependency on powerful private actors may become a significant barrier to EIB climate plans.*

- a. What is your opinion on this supposed obstacle?
- b. Additionally, did you see this obstacle at play in the past? If so, how?
  - i. Do you see this obstacle in play right now? If so, how?

### **Obstacle 3: Transparency and Accountability**

Summary and explanation: *Another challenge, according to Mertens and Thiemann (2023), is the transparency and accountability needed for climate-driven investment. They argue the Climate Bank Roadmap can only be a credible commitment if oversight by bodies like the [European Court of Auditors, European Parliament, or civil society] is ensured. In the past, accountability mechanisms, around criteria like additionality or regional distribution, were weak and often blocked by the EIB, citing technical complexity. They conclude that due to intricate complexities, secrecy, and financial intermediaries, external stakeholders struggle to exercise meaningful oversight.*

- a. What is your opinion on this supposed obstacle?
- b. Additionally, did you see this obstacle at play in the past? If so, how?
  - i. Do you see this obstacle in play right now? If so, how?

### **Obstacle 4: Taxonomy**

Summary and explanation: *Lastly, Mertens and Thiemann (2023) argue that the danger of 'greenwashing' and associated loopholes is increased by the lack of a simple and clear criteria by which the activities of the EIB could be measured. They further emphasize that the political character of green taxonomies makes such assessments difficult, and also problematize that the EIB is involved developing these metrics.*

- c. What is your opinion on this supposed obstacle?
  - d. Additionally, did you see this obstacle at play in the past? If so, how?
    - i. Do you see this obstacle in play right now? If so, how?
2. Can you identify any other (structural) obstacles for the EIB to achieve its climate goals outlined in the Climate Bank Roadmap, or, more broadly, for the EIB to become a Climate Bank?

3. Can you think of any activities currently undertaken by the EIB that are considered climate-positive or Paris-aligned according to EIB standards, but, in your view, should not fall under these categories?
  - a. Which ones, and why?
4. A recent article by FT showed that EIB Internal assessments reveal that under the EU's new sustainable reporting rules, the EIB's GAR may be around 1%, significantly lower than its self-reported Climate Action ratio of over 50%. This discrepancy poses reputational risks and highlights the need for harmonizing internal metrics with external standards.
  - a. Do you know more about the details?
  - b. (How would you explain this?) What is your opinion?
5. The NGO Counter Balance (2020, 9) criticized the EIB for lacking a holistic approach to its lending business, as its main focus is '*on the individual projects and operations it finances while paying much less attention to the track record, profile and strategy of its clients*'. According to Mertens and Thiemann (2023), this short-termism and focus on individual projects can become particularly dangerous if, as the think tank E3G suggests (2020, 49), the EIB itself might persistently underestimate '*the climate-related financial risks associated with a transition to climate neutrality by 2050*'."
  - a. What is your opinion on this critique?
6. Is there anything about the EIB's Climate Bank transformation - or its climate-related operations more broadly - that you feel remains insufficiently understood or critically examined? Are there particular aspects you believe should be explored further in future research projects?
7. As a very last question: Is there anything else you would like to share or add?

## Appendix 3: Interview Participation Form

Thank you for agreeing to participate in the interviews for my BA-thesis '*Organized Hypocrisy*' or *Genuine Transformation? A Critical Evaluation of the European Investment Bank as a Climate Bank*, Philipp Alexander Steininger. The interviews form the basis of my thesis, which is required for the successful completion of my Bachelor of Arts in Philosophy, Politics, and Economics at CEU PU.

This information sheet details the purpose of this study, a description of the involvement required and your rights as a participant.

If you have any further questions on the study or the processing of your personal data, you can reach me at the following address [steininger\\_philipp@student.ceu.edu](mailto:steininger_philipp@student.ceu.edu) or you may contact my supervisor, [piroskad@ceu.edu](mailto:piroskad@ceu.edu).

### About the study

I am conducting these interviews as part of my BA thesis, as part of my Bachelor of Arts program in Philosophy, Politics, and Economics. The purpose of the research is to critically evaluate the EIB's climate transition since it adopted its Climate Bank Roadmap in 2020. I explore whether the EIB has truly become more 'green' in its practices.

In order to learn about the quality of the changes in EIB practices and potential structural obstacles that might hinder the EIB's Climate Bank transformation, one-on-one interviews will be conducted in person or over videocalls. The interview will be recorded to accurately capture your insights in your own words. The recording will only be heard by me for the purpose of this study. If you feel uncomfortable with the recorder, you may ask that it be turned off at any time. The recording will be transcribed verbatim, then the analysis will be performed on the transcribed text. The recording will be deleted right after transcription has happened. For the transcription, I would use the software "Turboscribe.ai" if you agree. I will ensure that the use of this software fully complies with the requirements of the European Union Artificial Intelligence Act (AI Act), see below for further information.

As long as this is fine with you, the anonymized transcription will be attached in the appendix of the BA Thesis, in order to ensure the highest standards of academic professionalism, transparency and replicability.

If you wish so, you can remain fully anonymous during the research by picking a pseudonym. This means I will also remove any identifier from the transcript and make it fully anonymous. You also have the right to withdraw from the study at any time. In the event you choose to withdraw from the study all information you provide (including recordings) will be destroyed and omitted from the final paper.

### Processing your personal data

Your personal data will be processed for the purpose of carrying out the research described above. The legal basis for processing your personal data is your consent (GDPR Article 6 (1) a)).

Your personal data processed will include any personal information that you share with me

during the interview. This might include special categories of data including data concerning your ethnicity, and religious or political beliefs.

Your audio recording will be uploaded to “TurboScribe.ai” solely for the purpose of transcription. This is the only instance in which your data will be shared with a third party, and I will ensure that the recording is deleted from the service as soon as transcription is complete. No other personal data will be shared with any third parties, not even with the university; only my supervisor can request access to them. Unless you explicitly agree to revealing some or all your personal data, research results will only be published in an anonymized form as part of my Thesis. Quotes from the interview might be included in published materials, but such quotes will not contain any personal information that might make you identifiable unless you explicitly consent to that.

The recording and the transcribed text will be stored within CEU PU’s system, password protected, only available for me for my research work.

I will process your personal data (the transcribed text) until my thesis research is completed. In case I decide to continue this research as part of my further studies or academic work, I might request from you that the data processing period is extended. In case you do not consent to the extended data processing period, all of your personal data will be deleted.

### **Use of AI Software for Transcription**

To transcribe the recordings of this interview, I will use "TurboScribe.ai" transcription software. Your audio recording will be uploaded to “TurboScribe.ai” solely for the purpose of transcription. I will ensure that the recording is deleted from the service as soon as transcription is complete. I will ensure that the use of this software fully complies with the requirements of the European Union Artificial Intelligence Act (AI Act), particularly regarding the principles of data protection, transparency, human oversight, and risk management. Your personal data will be treated with strict confidentiality, and the transcription will be carefully reviewed and corrected by me to ensure accuracy.

### **Your rights as a data subject**

At any point while I am in possession of or processing your personal data, you, the data subject, have the following rights:

- Right of access – you have the right to request a copy of the information that I hold about you.
- Right of rectification – you have a right to correct data that I hold about you that is inaccurate or incomplete.
- Right to be forgotten – you can ask for the data I hold about you to be erased from my records.
- Right to restriction of processing – you have the right to restrict certain types of processing.
- Right to object – you have the right to object to certain types of processing.

- Right to judicial review – in the event that I refuse your request under rights of access, I will provide you with a reason as to why. You have the right to complain as outlined in the following section.

All of the above requests will be forwarded to data processors named above in case the request concerns data processed by them.

### **Complaints**

In the event that you wish to make a complaint about how your personal data is being processed by me or third parties as described above, or how your complaint has been handled, you have the right to lodge a complaint with the Austrian Data Protection authority:  
<https://www.data-protection-authority.gv.at/>.

## Appendix 4: Interview Consent Form

I, \_\_ <participant name> \_\_\_\_\_ hereby DECLARE that:

I have received from **Philipp Alexander Steininger** information about his thesis titled ‘*Organized Hypocrisy*’ or *Genuine Transformation? A Critical Evaluation of the European Investment Bank as a Climate Bank*, including the purpose of the research and the related procedures;

I have had the chance to ask questions and receive answers that I consider clear and satisfying;

I have received the *Participant Information Sheet* as well as a copy of this consent form.

Therefore

*I agree to participate in the research and to the processing of my personal data (e.g. name, contact details, birth date/place, voice, image, socio-economic status, special categories of data including data concerning my ethnicity, and religious or political beliefs, other information provided by me). I understand that my participation in the study is voluntary, that the information I provide is confidential and that I am free to withdraw my consent at any time.*

*I agree to the use of the software "Turboscribe.ai" for the transcription. I understand that the recording is deleted from the service as soon as transcription is complete.*

*I agree to the transcript being attached in the appendix of the thesis. I understand that if I express to want to stay anonymous, all identifiers will be removed from the transcript.*

On the publication of personally identifying information in the final study – please select one:

### **Either**

*I understand that no data will be presented in the final study based on which I could be identified.*

or

*I do not require anonymity, and I agree that personal information by means of which I may be identified might be revealed in the final study (e.g. name, position, institution, or other identifying data).*

Participant’s signature \_\_\_\_\_

Date \_\_\_\_\_

Researcher’s signature \_\_\_\_\_

Date \_\_\_\_\_