

Text of the response from the EIB (Juan M. Sterlin Balenciaga and Viviana Siclari) to CEE Bankwatch Network and to EIB petition signers, sent via email on December 23, 2009

Dear Madam/Sir,

We refer to the petition campaign addressed to Mr Philippe Maystadt, President of the European Investment Bank (EIB), and launched by CEE Bankwatch through its website www.fossilfreeeib.org on the occasion of the publication of the report "Change the lending, not the Climate".

While the EIB welcomes comments from all stakeholders interested in its activities, we are concerned by a number of inaccuracies contained in both the petition and the report, which in our opinion, deserve some further clarifications.

As the EU Member State's financial institution, the task of the EIB is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States by supporting the EU's key policy objectives. As such, the Bank's activities in the energy sector are balanced in line with these objectives, and contribute to their achievement, in particular regarding: (i) Environmental sustainability (ii) Competitiveness in energy supply and (iii) Security of supply;

As a result, EIB energy lending concentrates on five priority areas: renewable energy (RE); energy efficiency (EE); research, development and innovation (RDI) in energy; security and diversification of internal supply (including trans-European energy networks); security of external supply and economic development (concerning Neighbour and Partner Countries).

Contrary to what is stated in the petition, the EIB applies exactly the same standards and criteria for its lending both inside and outside the EU. Furthermore, we would like to underline that EIB loans do not incorporate any subsidy element, but reflect the Bank's attractive funding conditions on the financial markets. This, and the fact that EIB lending is project-based, long term, and closely linked to factors such as the availability of eligible projects and the demand of the type of financial products that the EIB can provide, is therefore of paramount importance when analysing the Bank's portfolio and activities.

Within this context, the figures contained in your report and petition are inaccurate and do not reflect the nature and trend of EIB lending in the Energy sector.

EIB lending in this sector has been significantly re-oriented since 2007, when it became a major priority of its Corporate Operational Plan, to reflect in particular the EU's adoption of the Action Plan "An energy policy for Europe" and its pledge to achieve a 20% reduction of greenhouse gas emissions by 2020 compared to 1990; a 20% share of renewable energies in the overall EU energy mix; and a 20% reduction in energy consumption compared to 1990.

As such, and while reminding you that "fossil fuel" projects, as described in your report, are also an integral part of several of the EU's key policy objectives, the EIB has not financed any project for the production of hydrocarbons since 2007, and projects in the refinery, storage and electricity generation from liquid or solid fossil fuels have totalled EUR 1.8 billion, which only represent 11% of EIB's Energy lending for the 2007-2008 period.

Against this background, EIB lending for Renewable Energy projects since 2007 has totalled about EUR 4.4 billion (to which about EUR 3bn expected for 2009 could be added). These figures include large hydro power plants, which are indeed counted as RE by the EIB and considered as such worldwide.

It should be noted that the EIB has also set a minimum floor that at least 20% of future energy production projects in the EU should cover renewable sectors, and that energy efficiency and climate change considerations are systematically mainstreamed in all EIB's sectoral policies, operational activities

implementing the Bank's corporate objectives and policies, and in all EIB project evaluations. We would also like to underline that increased energy consumption and better energy availability are necessary condition for further economic growth and improve livelihoods in developing countries. The climate change/development trade-off explains why energy production and transmission is a large part of EIB lending in the developing countries.

Nevertheless, a few examples demonstrate the EIB's commitment to RE and EE financing also outside the EU: in 2007, the EIB lent EUR 500m to China alone to support its climate change strategy; in 2008, a EUR 150m framework loan mostly for renewable energy in India was signed, and the EIB lent EUR 40m for the production of PV panels in South Africa; a EUR 40m loan to FirstRand Bank to promote energy efficiency and renewable energy projects across South Africa was approved in December 2009.

We do not wish to provide here the full list of the EIB's tangible efforts in the Energy/Climate Change sector which, as you know, are further described in our website and in a number of our publications. While these issues have been extensively discussed with CEE Bankwatch, and other organisations, in several meetings and correspondence, the EIB remains committed to continue its ongoing dialogue with interested stakeholders on these and other issues of common interest. We are convinced that we will have further opportunities to discuss these issues with your organisation throughout 2010.

Nevertheless, and for the sake of transparency, we would be grateful if you could give the same visibility to this letter as you have given to your report, by publishing this letter in your websites www.fossilfreeib.org and www.bankwatch.org

Yours Sincerely,

EUROPEAN INVESTMENT BANK

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