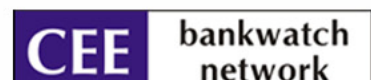


# Positives undermined: the EIB's lending for renewable energies

May 2005



**Friends of  
the Earth  
International**



Friends of the Earth International  
[www.foei.org](http://www.foei.org)

CEE Bankwatch Network  
[www.bankwatch.org](http://www.bankwatch.org)

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## ***Executive summary***

At the Bonn Renewables conference in June 2004, the European Investment Bank (EIB) declared that the bank's lending for renewable energies investment was already significant, totalling over EUR 1.6 billion in the previous five years (1999-2003). In addition to this, the EIB also allocated approximately EUR 300 million to intermediary banks for financing small and medium sized renewable energy projects.

When CEE Bankwatch asked for more details, the EIB refused to provide any exact information about the renewable energy projects financed through the financial intermediaries via global loans (part of the EIB's overall renewable energy investments), citing a disclosure policy attached to its global loans which leaves global loan information disclosure up to the discretion of the respective intermediary banks.

Therefore, during January, February and March 2005, CEE Bankwatch Network and Friends of the Earth International asked 386 financial intermediaries (intermediary banks) to provide a list of renewable energy projects financed through the EIB global loan credit line over the period 1999 to 2003. As of the end of March 2005, we have heard from 73 out of the 386 intermediary banks addressed (i.e. only about 19 percent), and have received no evidence about a concrete renewable energy project being financed from the EUR 300 million allocated by the EIB. Our conclusion is that this is due to the interpretation of the EIB Information Policy which effectively prevents the verification of its lending through global loans and public control.

Furthermore, when we looked at those renewable energy projects financed from the EIB's direct loans, some of them are of serious concern in terms of their contribution to sustainable development or environmental and social benefits. In particular the EIB's involvement in large hydropower projects is questionable.

As the EIB has recently announced a revision of its Information Policy, we believe it will be necessary that rules on information regarding the EIB's global loans are clearly specified in order to ensure adequate public scrutiny. The EIB should consider at least minimum **guidance on the usage of its global loans** for renewable energies and energy efficiency.

We also urge the EIB to strictly apply the recommendations of the World Commission on Dams to all large hydropower projects where any kind of financial involvement is considered, such as the Nam Theun 2 project in Lao PDR. Along with social and economical viability, environmental soundness must be an ultimate criterion for all projects financed directly by the EIB or intermediary banks.

For a complete list of the conclusions and recommendations of this survey, please see pages 15-16.

## 1. Introduction

At the Bonn Renewables 2004 conference in June 2004, Mr. Peter Sedgwick, the Vice President of the European Investment Bank (EIB), declared that, "EIB lending for the Renewable Energy sector is already significant. The Bank signed individual loans for Renewable Energy generation projects for Euro 1.3 billion in the 5-year period 1999-2003. Additionally, the Bank made finance available through intermediary banks - amounting to just under EUR 300 million – for small and medium sized Renewable Energy projects over this same period. So, in total the EIB lent around EUR 1.6 billion on Renewable Energy projects. This lending was spread across the Bank's regions of operations and a multiplicity of technologies."<sup>1</sup>

The EIB also announced its intention to increase lending for renewable energies (RE) by up to 50 percent of its financing for electricity generation in the EU by 2010 (i.e. some EUR 700 million a year for RE electricity generation by 2010).

When the EIB was asked to provide a list of renewable projects that were financed in this period, it initially refused to do so, pointing to its disclosure policy on global loans, part of its RE investments.<sup>2</sup> Finally, the EIB responded in May 2005 to a new inquiry but only provided general figures showing apparent allocations for RE to 31 intermediaries in nine countries (for the period 1999-2003) that were not usable for our report.<sup>3</sup>

The global loans are a financial mechanism of the EIB available to banks or financial institutions (intermediaries) that onlend the funds for small or medium-scale investment projects, provided that the projects meet the EIB's funding criteria.

### The aim of this analysis is therefore to provide information on:

- a) How much did the EIB actually lend for RE in 1999-2003 through its global and direct loans
- b) What kind of RE projects did the EIB finance in 1999-2003 and whether those projects contribute to sustainable development
- c) The transparency of the EIB's lending to RE sources

#### **Global loans**

Global loans are made available to banks or financial institutions that onlend the funds for small or medium-scale investment projects meeting the EIB's funding criteria.

#### **Who can benefit from the proceeds of global loans?**

Local authorities or firms with fewer than 500 employees and with fixed assets of up to EUR 75 million.

#### **For what projects?**

New capital investment projects worth up to EUR 25 million, undertaken by small and medium-sized enterprises (SMEs) or, in the case of small infrastructure projects, by local authorities.

#### **For what amount?**

Up to 50 percent of the investment cost. The term is 5-12 years for new construction projects (exceptionally 15 years). The intermediary is free to grant additional finance for the project.

#### **What security? What rates?**

To be agreed with the intermediary bank which takes the financing decision in accordance with criteria determined with the EIB.

#### **Disbursement and loan management:**

Through the intermediary bank.

*Source: EIB Annual Report 1999, p.143*

<sup>1</sup> Sedgwick, P.: European Investment Bank and the Contribution of Renewable Energies to Meeting the Challenge of Climate Change, presentation for International Conference for Renewable Energies, 1-4 June 2004, Bonn, Germany (on-line version: [http://www.eib.org/Attachments/general/events/bonn\\_sedgwick.pdf](http://www.eib.org/Attachments/general/events/bonn_sedgwick.pdf)).

<sup>2</sup> Press Release, 12.6. 2003: EIB's transparent information policy. "EIB's public disclosure policy with regard to global loan allocations differs from its information policy on individual loans. Disclosure of detailed information on global loan allocations is the competence of the intermediary bank, as business partner for the end beneficiary, carrying the project's commercial risks and signing the finance contract. Under all global loan arrangements, the EIB ensures that the partner bank is committed to and capable of implementing EIB criteria. The EIB provides, on request, aggregate data on global loan financing, including country and sector breakdowns."

<sup>3</sup> For the inquiries of CEE Bankwatch and the EIB's response, see Annex VI.

## **2. EIB's lending for renewable energies through global loans in 1999-2003**

From the information available in the EIB's reports<sup>4</sup> we understood that, under the earmark "financing for small and medium-scale ventures promoted by SMEs" which determines the majority of provided global loans, many different kinds of projects are eligible for such financing.

In one case we obtained an EIB "side letter" in which they put forward the global loans conditions for the intermediary bank. We believe that the conditions for other global loans are quite similar. According to these conditions the EIB requires that such projects must be **economically, technically and financially sound**. There was no mention of **environmental soundness** which we believe should also be required to ensure high-quality, sustainable projects.

Regarding projects related to **Energy**, specific restrictions, requirements and criteria apply.<sup>5</sup> These, apart from a few exceptions (see below), do not include special provisions for RE projects, although such projects are generally eligible for financing.

Therefore during January, February and March 2005, CEE Bankwatch Network and Friends of the Earth International asked 386 financial intermediaries (intermediary banks) via letter, email or telephone to provide us with the following information:

- a) A list of **RE projects** (e.g. renewable electricity or heat coming from wind, solar, biomass, geo- or hydropower) that were financed from the EIB's global loans in the **period 1999-2003** and reported to the EIB, including a short description of each project.
- b) A list of **RE projects under development** that are intended to be financed from the EIB's global loans, and a short description of each project.

As of the end of March 2005, we have heard back from 73 out of the 386 intermediary banks addressed, i.e. only about 19 percent.

Apart from returned letters or emails due to incorrect contact details,<sup>6</sup> we can conclude that the survey provides us with generally two types of answers: the intermediary banks either did not finance any projects in the RE field from the EIB's credit line in the specified period or the intermediary banks were reluctant to disclose information about the final beneficiaries of the loans (due to existing data protection regulations or internal disclosure policies of the respective intermediary).

The only exception was the KfW bankengruppe, an intermediary bank in Germany that provided information about the percentage share of RE projects in the total volume of its environmental activities. While it is encouraging that KfW bankengruppe supported RE to some extent, at the same time the project list is still missing and therefore it is not possible to assess whether the projects contributed to sustainable development. Moreover, if the KfW claims it is not able to extract the exact data of concrete projects financed from the EIB's money to fulfill our request, it also means the bank is not able to provide this exact data to the EIB itself. The reply from KfW bank is available in Annex III.

Significant are also the cases of two further intermediaries, KommunalKredit Austria AG (Austria) and NORD/LB Latvija (Latvia), where we received responses that no RE projects were financed or were in

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<sup>4</sup> Mainly the EIB Group Annual reports, part "Projects financed and statistics", available at <http://www.eib.org>

<sup>5</sup> For a full text of the side letter to an intermediary bank (EIB, 2003), see Annex I.

<sup>6</sup> The contacts to intermediaries were obtained through the EIB's website (earlier version checked against latest update of the database from January 14<sup>th</sup>, 2005). Where the postal or e-mail address was missing, additional research was done. Finally, the EIB Information Desk was asked to provide us with contact details to seven problematic institutions. However, in a reply to our query the EIB referred back to its website. See Annex II.

the pipeline for global loan financing, while these two banks are listed by the EIB among “Financial intermediaries who have provided renewable energy finance”.<sup>7</sup>

In addition, in the EIB’s listing dated May 10<sup>th</sup>, 2005, there are also six intermediaries (out of 34) that were not listed on the EIB’s website at the time when this analysis was conducted; and therefore, the intermediaries Ringkjøbing Landobank A/S (Denmark), Landesbank Schleswig-Holstein Girozentrale (Germany), Ringkjøbing Landobank A/S (Germany), Dexia Banco Local SA (Spain), AB Svensk Exportkredit (Sweden) and Dexia Kommunbank AB (Sweden) were not contacted.<sup>8</sup>

The third major group of responses includes those intermediary banks that used the EIB’s global loans for funding other projects than RE. These projects included financing for SMEs or municipalities in the field of tourism and recreation infrastructure, real estate leasing, housing for elderly people, food processing, cargo forwarding etc. Yet we did not manage to get the list of these projects either.

The majority of the global loans are thus not specifically earmarked to be used for financing of RE and the nature of the projects receiving financial support from the EIB depends on demand from the final beneficiaries. .

However, some exceptions exist. In four cases, the global loans were earmarked for energy projects, one of them then especially for renewable energies. In 2003, Bremer Landesbank Kreditanstalt, Girozentrale Bremen/Oldenburg, received a global loan of EUR 70 million for financing projects in the RE sector, primarily wind farms. Unfortunately we did not receive any information about this 2003 EUR 70 million allocation. The other three projects were in the field of energy efficiency. Since there is no explicit guidance on the usage of global loans, a broader use of earmarking for RE projects such as in the case of Bremer Landesbank should be considered to further promote the financing of REs.

Due to the above-mentioned reasons we were unable to gain any evidence about the real spending of EUR 300 million designated for the financing of small and medium sized RE projects through global loans in the period from 1999 to 2003.

The outcomes of the survey are summarised in Table 1 below.

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<sup>7</sup> See Annex VI for EIB’s listing and Annex VII for the responses of KommunalKredit Austria AG and NORD/LB Latvija.

<sup>8</sup> Except for Dexia Banco Local SA (Spain), none of the banks is listed on the EIB’s webpage yet (last updated on May 13<sup>th</sup>, 2005). See <http://www.eib.org/news/news.asp?cat=46&news=33#13>.

Table 1 Summary of the Global Loan Survey

Intermediary Bank	Country	Financing through Global Loans 1999-2003				Comment
		N o R E p r o j e c t	D a t a P r o t e c t i o n	O t h e r P r o j e c t s F i n a n c e d	O t h e r	
A/S Vereinsbank Riga	Latvia		X			
AB Hansabankas	Lithuania				X	incorrect contact
AIB Bank	Ireland		X			
Alpha Bank	Greece		X			
Amen Bank	Tunisia			X		additional information about reported power station requested, but not obtained as of the end of March 2005
Arab Tunisian Bank	Tunisia	X				
AS Hansapank	Estonia			X		
Banca carige	Italy				X	incorrect contact
Banca Romana Pentru Dezvoltare	Romania		X			
Banco Standard Totta	Mozambique	X				
Banco Totta&Acores	Portugal	X				
Bank Austria d.d.	Slovenia			X		
Bank Gospodarstwa Krajowego	Poland	X				
Bank of Scotland	Ireland		X			
Bank Pekao SA	Poland	X				EIB Global line was not activated
Banque du Liban et D' outre mer	Lebanon	X				
Banque Rwandaise de Developpement	Rwanda	X				
Barclays Bank PLC	United Kingdom		X			
Bayerische Landesbank	Germany		X			
Caisse Nationale de Credit Professionnel SA	Belgium	X				
Caribbean Development Bank	Barbados, W.I.	X				
Ceska sporitelna a.s.	Czech Republic		X			
CRDB Ltd	Tanzania	X				
Credit Lyonnais Cameroun	Cameroun	X				
CSOB, a.s.	Czech Republic	X				
Development Bank of Southern Africa	South Africa	X				at present thinking of funding a wind farm but from their own sources
Development Finance Ltd	Trinidad, West Indies	X				
Dominica Agricultural Industrial and Development Bank	Dominica	X				

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Dresdner Bank Ag	Germany		X			
DZ Bank AG	Germany		X			
East African Development Bank	Tanzania				X	
Encouragement Bank	Bulgaria	X				
Erste Bank	Hungary	X				
Fonds Sindibad	Morocco				X	incorrect contact
Fransabank SAL	Lebanon	X				
Handlowy-Leasing S.A.	Poland				X	incorrect contact
HVB Bank Czech Republic a.s.	Czech Republic		X		X	not willing to provide any information, although some RE projects probably financed in this period
Hypo Alpe-Adria-Bank d.d.	Slovenia	X		X		
IKB Deutsche Industriebank AG	Germany		X			
Industrial Credit Company Ltd	Zambia	X				
Industrial Development Bank	Jordan	X				
Industrial Development Corporation of South Africa	South Africa	X				
Inter-Europa Bank Rt.	Hungary	X				
Jammal trust	Lebanon				X	incorrect contact
KfW bankengruppe	Germany				X	see Annex III
Komercijalna banka a.d. Beograd	Serbia	X		X		
Kommunalkredit Austria AG	Austria	X				
Kommunalkredit Finance a.s.	Czech Republic	X		X		
KommuneKredit	Denmark	X		X		
Kredyt Bank S. A.	Poland				X	incorrect contact
Landesbank Saar	Germany		X			
Leasint (s.p.a.)	Italy				X	incorrect contact
LEBANESE CANADIAN BANK	Lebanon	X				
Lesotho National Development Corporation (LNDC)	Lesotho	X				
Mortgage and Land Bank of Latvia	Latvia		X			
National Bank of Kenya	Kenya	X				
NORD/LB Latvija	Latvia	X				
Raiffeisen Bank Rt.	Hungary	X				
Raiffeisen Leasing d.o.o.	Croatia	X				
Raiffeisenbank a.s.	Czech Republic	X				
Raiffeisenbank Austria d.d. Zagreb	Croatia	X				
Raiffeisenbank EAD	Bulgaria	X				
Raiffeisen-Leasing Real Estate s.r.o.	Czech Republic	X				
Sächsische aufbaubank-Förderbank	Germany	X				
Sanpaolo IMI Internazionale SpA	Italy				X	not an intermediary bank
Société de Crédit et de Développement de l'Océanie					X	incorrect contact
Societe Generale Libano-Europeenne de Banque	Lebanon	X				
Standard Chartered Bank Uganda Ltd.	Uganda	X				
Trafalgar Development Bank Ltd.	Jamaica				X	incorrect contact
Tunisie Leasing	Tunisia	X				
VB Leasing CZ s.r.o.	Czech Republic	X		X		
Volksbank CZ a.s.	Czech Republic		X			
WestLB AG	Germany		X			



### 3. EIB's lending for renewable energies through individual loans in 1999-2003

The EIB's individual loans are provided for energy, transport, telecommunications, water and sewerage, urban infrastructure, composite infrastructure, industry, services, health and education, farming, fisheries and forestry sectors.

According to the EIB's listing on its website as well as annual reports, altogether 17 projects, totalling EUR 1 373 799 432, in the field of REs received EIB loans in this period. This corresponds with Mr. Sedgwick's declaration at the 2004 International Conference for Renewable Energies in Bonn.

Table 2 provides a complete list.

**Table 2 Renewable energy projects financed through individual loans in 1999-2003**

Project	Approved	Country	EIB Financing (EUR)	Project Description
Donaukraft Hydro Power	8.11.1999	Austria	97 000 000	Construction of hydroelectric power station on the Danube and rehabilitation of river area downstream of Vienna
Power and Infrastructure Alqueva Area	13.12.1999	Portugal	70 000 000	Construction of hydro-power station on river Guadiana (Alentejo)
KPLC - Olkaria II (Kenya)	15.12.1999	Kenya	41 000 000	Construction of new geothermal power station with associated transmission lines and substations in Nairobi
Vasteras Combined Heat and Power	11.4.2000	Sweden	31 224 871	Construction of biomass-fired boiler at combined heat and power plant in Västerås, north of Stockholm
Nesjavellir Geothermal Power II	26.6.2000	Iceland	21 301 704	Expansion of geothermal power station in Nesjavellir
Power and Infrastructure Alqueva Area	8.6.2001	Portugal	65 000 000	Construction of hydro-power station on river Guadiana (Alentejo)
Jamtkraft Combined Heat and Power	4.12.2001	Sweden	30 555 262	Construction of a biomass-fuelled combined heat and power plant in the town of Östersund, Central Sweden
United Utilities Distrib. And Renew. Gen.	14.12.2001	United Kingdom	144 277 011	Extension and refurbishment of the electricity network in the North West and development of power generation from renewable energy sources in England and Wales
ENEL Green Power Energie Rinnovabili	18.1.2002	Italy	300 000 000	Investment programme for the renewable energy sector
SSE Renewable Generation	24.6.2002	United Kingdom	156 128 024	Refurbishment of hydroelectric power plants and construction of wind farms throughout Scotland
VA TECH Innovation	25.7.2002	Austria	60 000 000	Research and development aimed at fostering innovation in the field of advanced processes and products mainly in the metallurgy, hydroelectricity generation and power transmission and distribution sectors
Combined heat and power plant Swiecie	7.11.2002	Poland	30 000 000	The main investment to be financed by the Bank consists of the construction of a new fluidised bed boiler, which will use biomass and coal as a fuel

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RWE Solar Modules	5.12.2002	Germany	70 000 000	Construction of a solar module production plant and photovoltaic R&D in Alzenau (Bavaria)
United Utilities Distrib. And Renew. Gen.	11.3.2003	United Kingdom	14 615 609	Extension and refurbishment of the electricity network in the North West and development of power generation from renewable energy sources in England and Wales
Elsam Offshore Windfarm	19.5.2003	Denmark	134 692 832	Construction of an offshore wind farm at Horns Rev, off the west coast of Jutland
Solarwafer Sachsen	6.6.2003	Germany	26 004 119	Extension of production capacity for silicon wafers as base material for photovoltaic cells
SEB III Maguga Hydropower	18.6.2003	Swaziland	7 000 000	Construction of a 19 MW hydropower station to be added to an existing large irrigation dam
Terna Renewable Energy	30.6.2003	Greece	75 000 000	Study, design, implementation and commissioning of seven wind farms located throughout Greece
<b>Total</b>			<b>1 373 799 432</b>	

However, some of the projects raise serious concerns regarding their contribution to sustainable development or environmental and social benefits. In some cases it is also difficult to assess to what extent the project contributed to RE generation. From the seventeen projects listed in Table 2 above, the following five attract most attention from this point of view.

### **VA Technologie Innovation Research and Development**

*(Austria, EUR 60 million)*

The project's aim was to foster innovation in the field of advanced processes and products mainly in the metallurgy, hydroelectricity generation and power transmission and distribution sectors. It is not clear to what extent was the above-mentioned sum used for research and development in hydroelectricity generation.

### **Modernisation of Combined Heat and Power Plant in Swiecie**

*(Poland, EUR 30 million)*

This project consisted of the construction of a new fluidised bed boiler, which would use biomass and coal as a fuel. Other components of the project are the overhaul of existing coal-fired boilers and the upgrading of electricity generation equipment. The EIB also pointed out that, "modernisation of the existing coal-fired combined heat and power plant will bring significant benefit to the environment through reduction of atmospheric pollution and use of renewable energy sources."<sup>9</sup> Besides the dubious effects of co-firing of biomass with coal in large combustion plants (e.g. the externalities caused by the transportation of biomass from distant places of origin, market distortions), it is again a project consisting of several components and it is therefore not clear to what extent it contributed to the penetration of renewable energies.

### **Power and Infrastructure in Alqueva Area**

*(Portugal, EUR 135 million)*

The construction of the hydro-power station on the river Guadiana (Alentejo) is part of a larger project in this area, including the construction of the Alqueva dam, one of the biggest dams in the Iberian Peninsula and one that will create the largest artificial lake in Europe. The EIB's involvement in this project has

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<sup>9</sup> Press Release, 7. 11. 2002: EIB lends EUR 30 million for combined heat and power plant in Poland.

been heavily criticized by local communities and NGOs from the very beginning. Recent findings summarise their concerns as follows: “Despite much vaunted claims for the dam’s beneficial developmental impacts on the southern Portuguese region of Alentejo, benefits which should in theory be guaranteed by the EIB’s involvement in the project, Portuguese NGOs have found any such benefits to be sorely lacking. They deem the project to be categorically unsustainable based on its environmental impacts (European environmental directives are being violated), its insufficient mitigation and compensation measures and also the marginal economic benefits which are accruing to the local population. Indeed the question arises: how can the EIB justify its involvement in such an unsustainable project?”<sup>10</sup>

### **SEB III Maguga Hydropower**

*(Swaziland, EUR 7 million EUR)*

Construction of a 19 MW hydropower station to be added to an existing large irrigation dam. Again this is a part of larger project with questionable social and environmental benefits. The Maguga Dam on the Komati River is, at 115m high, the fourth highest dam in Southern Africa, the second highest embankment dam and the highest embankment with a clay core.

Originally it was planned that only 44 homesteads would be moved to pave the way for the dam, but lately families in more than 100 homesteads have been told they must be relocated, complained local authorities according to news reports. Further, one of the purposes of the project was to increase existing sugar cane irrigation and boost the development of new locally owned and managed small farming units. Sugar cane is one of the world’s most water-intensive crops, in some climates sucking up twice as much water as rice or cotton. However, the US Department of Commerce reported that the Swazi sugar industry is “composed primarily of large firms with predominantly foreign ownership. In the long run, substantial growth in Swaziland’s agriculture sector is unlikely. The future of Swazi agriculture looks dim without an increase in available land and water resources.”<sup>11</sup>

### **Donaukraft Hydro Power**

*(Austria, EUR 97 million)*

Construction of a hydroelectric power station on the Danube and rehabilitation of a river area downstream of Vienna – another project on an already well “developed” European river. At the first World Commission on Dams Forum in 1999, Mr. Alexander Zinke described the situation in Austria as follows: “already some 80 percent of Austria’s large rivers are seriously damaged and more than 50 percent are impacted by hydropower dams.” [...] “River engineering works during the last decades have significantly altered the natural flow and sediment regime, [...], resulting in interrupted sediment transport and downstream bed deepening, changed hydrology, aggravation of flood hazards, reduced self-purification capacities, blocking of longitudinal and lateral migration patterns and in losses in biodiversity.”<sup>12</sup> In the context of catastrophic flooding in Central Europe in 2002, the WWF questioned the role of dams and river management works in flood protection. The study states that “in the case of such extreme rainfall events, the security design of the structure is exceeded, and the losses are so much greater than would otherwise have been the case.”<sup>13</sup>

The EIB claims that “[I] large hydropower project are included so long as they comply with the EIB’s environmental policies. [...] any large dam project that EIB might be asked to finance would be assessed in the light of the recommendations of the World Commission on Dams and Camdessus Report”<sup>14</sup>.

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<sup>10</sup> Platform for Sustainable Alentejo in co-operation with Friends of the Earth International and CEE Bankwatch Network: The Alqueva dam. How the EIB helped to finance environmental destruction in Portugal, 2005, p. 3 (on-line version: [http://www.bankwatch.org/publications/studies/2005/alqueva\\_dam\\_02-05.pdf](http://www.bankwatch.org/publications/studies/2005/alqueva_dam_02-05.pdf)).

<sup>11</sup> World Rivers Review, Volume 13, Number 4/August 1998, published by International Rivers Network (on-line version: <http://www.irn.org/pubs/wrr/9808/newsbriefs.html>).

<sup>12</sup> Zinke, A.: Dams and the Danube: Lessons from the Environmental Impact, a presentation at the WCD Forum in Prague, 26<sup>th</sup> March 1999 (on-line version: [http://www.dams.org/commission/forum/forum\\_prague\\_zinke.htm](http://www.dams.org/commission/forum/forum_prague_zinke.htm)).

<sup>13</sup> WWF Background Briefing Paper: Managing Floods in Europe: The Answers Already Exist, September 2002, p. 4 (on-line version: <http://www.panda.org/downloads/europe/managingfloodingbriefingpaper.pdf>).

<sup>14</sup> Letter from Peter Carter and Yvonne Berghorst, dated 1 July, 2005.

In the case of several projects it is evident that the recommendations of the World Commission on Dams<sup>15</sup> were ignored, but the EIB is involved in their funding regardless.

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<sup>15</sup> See Annex IV for World Commission on Dams Strategic Priorities.

#### 4. EIB's lending for renewable energies after 2003, loans under consideration

Regarding global loans, a credit line up to EUR 200 million was approved in December 2004 for Bremer Landesbank Kreditanstalt, Girozentrale Bremen/Oldenburger.

This global loan is earmarked for a particular focus on the RE sector, mainly investments in wind power plants, and to a lesser extent in geothermal, small-scale hydro power, solar energy as well as biomass based energy projects.

There were no other concrete RE projects reported by the respondents to the survey.

As far as **individual loans** are considered, another 12 projects in the field of RE reached an advanced stage of approval since 2003, with a total allocation of approximately EUR 1 747 000 000. Table 3 below provides a summary of the projects and their status (up to March 2005).

**Table 3 Renewable energy projects under consideration**

Project	Status	Country	EIB Financing (EUR)	Project Description
Energía Eólica - AFI	28.1.2003/approved	Spain	up to 75 percent of 400 000 000	This project forms the first phase of a large wind-power programme.
Gamesa Italia Wind Power	25.3.2003/approved	Italy	150 000 000	The project comprises of eight wind farms located in various regions in Italy with a combined capacity of 180 MWe to be implemented over the 2003-2005 period.
Parques Eólicos Grupo Generg	18.11.2003/approved	Portugal	230 000 000	The project concerns an investment programme for the construction and operation of 11 grid-connected wind farms, with a total capacity of 443 MW.
EYDAP – wastewater treatment and renewable energy	19.3.2004/under appraisal	Greece	35 000 000	The proposed project consists of several sub-projects concerning wastewater treatment, co-generation and energy saving systems and renewable energy sources.
Hellisheidi Geothermal CHP (EFTA)	30.7.2004/under appraisal	Iceland	70 000 000	The project comprises the first two phases in the development of Hellisheidi geothermal power plant. The first two phases comprise production of 80MW of electricity and 266MW of heat.
Electricidade da Madeira	25.10.2004/approved	Portugal	70 000 000	Extension of existing power generation capacity in Madeira and Porto Santo (37 MWe through dual fuel generators and 5 MWe in an existing hydro-electric facility).
Parc éolien de Tanger	4.11.2004/signed	Morocco	60 000 000	Creation of a 140 MW wind farm consisting of turbines with a power rating of 850 kW or above (i.e. up to 165 units). Projected annual power generation is around 500 GWh.

## Positives undermined: the EIB's lending for renewable energies

Nordural Geothermal Energy	12.11.2004/signed	Iceland	30 000 000	Construction and operation of new electricity generation and transmission facilities in the south-west of the country to supply Nordural's aluminium plant with renewable power
Nordural Geothermal Energy	12.11.2004/signed	Iceland	50 000 000	Construction and operation of new electricity generation and transmission facilities in the south-west of the country to supply Nordural's aluminium plant with renewable power
Nordural Geothermal Energy	12.11.2004/signed	Iceland	77 000 000	Construction and operation of new electricity generation and transmission facilities in the south-west of the country to supply Nordural's aluminium plant with renewable power
Nam Theun 2 Hydroelectric Project	26.4.2005/signed	Lao PDR	40 000 000	The project concerns the development, construction and operation of a hydroelectric plant on the Nam Theun River in Laos, mainly intended for the export of power to Thailand.
Gamesa Wind Power RDI	16.12.2004/signed	Spain	230 000 000	The project concerns investment in research, development and innovative (RDI) activities on technologies required for the deployment of Renewable Energies, mainly for wind power.
Tunisia Technopoles Global Loan	16.12.2004/under appraisal	Tunisia	75 000 000	Credit line for the financing of small and medium-scale ventures in sectors covered by the technopoles programme (e.g. renewable energy, biotechnology, pharmaceutical industry, IT, communications technology).
Power Plants Investment Loan	18.3.2005/under appraisal	Slovenia	up to 130 000 000	The Project involves the construction and operation of two run-the-river hydro power plants of 42.5 MW and 39.5 MW on the river Sava in the east of Slovenia, and a 178 MW pump storage power plant at the Soca river in the west.
<b>Total</b>			<b>1 747 000 000</b>	

As we can see, two large hydropower projects are at present in the EIB's project pipeline, one of which has been raising concerns for some time already.

### The Nam Theun 2 Hydroelectric Project

*(Lao PDR, EUR 40 million)*

According to a comprehensive analysis conducted by International Rivers Network, this project fails to comply with six of the seven Strategic Priorities laid out by the World Commission on Dams.<sup>16</sup> These include the resettlement of affected indigenous people, economic unfeasibility as well as negative environmental impacts. The Asian Development Bank, another funder of the project, recognized that "lessons learned from ADB-funded hydropower projects in the Lao PDR indicate that planning, management, implementation, and monitoring of social safeguards and environmental mitigation measures and ethnic-minority programs are weak."<sup>17</sup>

<sup>16</sup> International Rivers Network: An Analysis of Nam Theun 2 Compliance with World Commission on Dams Guidelines, 2001 (on-line version: <http://www.irn.org/programs/mekong/010522.nt2full.pdf>).

<sup>17</sup> Asian Development Bank: Technical Assistance to the Lao PDR for Preparing the GMS: Nam Theun 2 Hydropower Development Project, November 2003, p. 3.

## 5. *Information policies*

With average annual lending for global loans totalling EUR 12 billion, the EIB surprisingly continues to restrict public scrutiny of such a significant amount of public funding.

- The EIB does not allow for the possibility of public control of public funding expenditure.

The EIB interprets its disclosure policy in such a way that the release of “information on individual global loan allocation is the competence of intermediary bank”.<sup>18</sup> It is therefore up to the internal regulations as well as the good will of the intermediary banks if any information is available to third parties. As our survey shows, not many of them are actually willing to disclose any data due to existing data protection policies. The outcome is that out of the 386 banks that are listed as global loans intermediaries, we were not able to receive information on one single concrete project. In such circumstances there are reasonable and strong doubts that the EIB is able to effectively control its spending through the global loans and as to whether they contribute to the EU policy agenda.

In some cases we encountered Catch 22, as the intermediary banks suggested to “get some information at [www.eib.org](http://www.eib.org)”<sup>19</sup> or to “contact EIB directly - they may be of more assistance”.<sup>20</sup>

Our findings were as follows:

- In the loan covenants, the EIB does not require the release of information about the use of the global loans by intermediaries.

From one of the respondents we received a “side letter” that specifies loan covenants for the EIB global loan. We believe that other global loans would have similar general conditions. The loan conditions do not include any provisions about the releasing of information.

In principle the EIB should be able to apply Article 3 of “Rules on public access to documents”: “Where the Bank is approached with an application in respect of a document in its possession received from a third party, it shall consult the third party concerned for agreement, save where it results clearly from examination of the document in the light of this decision that it must or must not be disclosed.”<sup>21</sup> But in practice the EIB refuses to release information about global loans and they suggest contacting local intermediaries instead.

Since it is public money being invested the EIB should adjust its loan agreements with intermediary banks, allowing the EIB to provide detailed information about projects financed through global loans to third parties, including civil society groups. Furthermore, the EIB should, on an annual basis, publish aggregated data about the global loans lending by each of the intermediaries.

- In cases where intermediary bank contact data is not complete, the EIB does not provide correct information upon request.

In several cases we were not able to contact intermediaries due to the fact that the EIB website did not contain enough details (e.g. mailing address, e-mail or telephone number). When the information was requested the bank again suggested finding it on the website (see Annex II). The EIB should also improve and update its database of intermediary banks. Many contact details (e.g. mailing addresses, telephone numbers, contact persons and even the names of the intermediaries) are missing; some of

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<sup>18</sup> Letter of Secretary General and General Counsel Eberhard Uhlmann to CEE Bankwatch Network, dated 8 October 2004

<sup>19</sup> E-mail communication from Sabine Goldbach, IKB Deutsche Industriebank AG, 4 February 2005

<sup>20</sup> E-mail communication from Caroline Tully, AIB Bankcentre, Ireland, 26 January 2005

<sup>21</sup> EIB, 2002: Rules on Public Access to Documents

them are incorrect. It is therefore incorrect that all contacts can be found on the website, as claimed by the EIB.

- In one case the financial intermediary listed on the website was not aware about EIB global loans.

In the case of Blom Bank (originally Banque Du Liban et D'Outre-Mer), the bank staff wrote us an e-mail stating: “We have no idea about EIB listing nor renewable energy projects” (see Annex V).

- Compliance with EU and national legislation is not required for other sectors, but environmental.

In the loan conditions that we received from one of the respondents, the EIB requires “in the case of environmental Sub-projects they must comply with EU and national legislation [...] with regard to environmental protection.”<sup>22</sup> But compliance with EU and national environmental legislation should be required for all of the projects. In the case of lending outside of the EU, the EIB should develop a special Environmental Policy and Procedures (as is the case in other international financial institutions) that would convert EU legislation to practical requirements that should be followed by each of the projects whether they are financed directly by EIB or through intermediary banks.

As the EIB has recently announced the revision of its information policy, it will be necessary that rules on information regarding EIB global loans are clearly laid out and specified.

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<sup>22</sup> For a full text of a side letter to intermediary bank (EIB, 2003) please see Annex I.



## **Conclusions**

- Through the research conducted we did not manage to confirm the EIB's EUR 300 million figure allocated via global loans for renewables purposes, as stated at the Bonn 2004 conference by EIB Vice-President Peter Sedgwick.
  
- Some of the renewable energy projects financed by the EIB's direct loans raise **serious concerns regarding their contribution to sustainable development** or environmental and social benefits.
  
- **The EIB's interpretation of its Information Policy effectively prevents the verification** of its lending for renewables through global loans. Despite contacting all 386 financial intermediaries that are involved in the EIB's global loans we were not able to identify any **concrete renewable energy project** financed by the EIB's global loans in the period 1999-2003. This means that verification of the EIB's claim that it provided EUR 300 million of finance for renewables is impossible.
  
- General conditions for projects financed through global loans set by the EIB omit the requirement of **environmental soundness**.
  
- The majority of global loans are not specifically earmarked for use in financing Renewable Energy and/or Energy Efficiency Projects and the nature of the projects which receive financial support depends on demand from the final beneficiaries.
  
- The EIB's global loans lack appropriate public scrutiny. In the last 5 years, the EIB has disbursed EUR 12 billion annually (more than Slovakia's annual budget) through global loans, but the amount of information that it is possible to gain concerning the global loans is inadequate.
  
- By thus limiting access to information about the global loans, the EIB is seriously restricting public control of EU funded expenditures. For example, in the global loan agreements the EIB reserves **no right to publish provided information** about the projects financed from the global loans.

## ***Recommendations***

- The EIB should consider at least minimum **guidance on the usage of its global loans** for renewable energies and energy efficiency: broader use of earmarking for renewable projects such as in the case of Bremer Landesbank should be considered to further promote the financing of renewable energies and demand side energy efficiency.
  
- On an annual basis, **the EIB should publish aggregate data** about projects financed through global loans on the EIB's website.
  
- The EIB should adjust its loan agreements with intermediary banks in such a way that it would be able to **provide detailed information** about projects financed through global loans **upon request** by the public.
  
- The EIB **must strictly apply the recommendations of the World Commission on Dams** to all large hydropower projects where financial involvement is considered. Therefore, it should reconsider its support for projects, such as the Nam Theun 2 project in Lao PDR. It is well documented that the damming of rivers for the construction of power plants is associated with ecological and social problems. We believe that there are significantly more sustainable renewable energy projects which lack the necessary public money investments.
  
- **Compliance with EU and national environmental legislation must be required for all loans through financial intermediaries and not only for environmental sub-sector loans.** In the case of lending outside of the EU, the EIB should develop a special Environmental Policy and Procedures (as is the case in other international financial institutions) that would convert EU legislation to practical requirements that should be followed by each of the projects whether they are financed directly by EIB or through intermediary banks.

Luxembourg, the xx November 2003

Subject: **GLOBAL LOAN (SMALL AND MEDIUM-SIZED ENTERPRISES / ENVIRONMENT / INFRASTRUCTURE / KNOWLEDGE-BASED ECONOMY / ENERGY / EDUCATION / HEALTH)**

Dear Sirs,

following our recent discussions, the European Investment Bank (hereinafter referred to as "EIB") has made available a new Global Loan of MEUR 30 for AS Hansapank (hereinafter referred to as "Borrower") to be drawn upon in individual loan tranches, subject to the signature of individual finance contracts (hereinafter referred to as the "Finance Contracts").

## **1. OBJECTIVE OF THE LOAN**

The loan is intended for the financing of small and medium scale projects (hereinafter referred to as "Sub-projects") mounted by public or private promoters, (hereinafter referred to as "Promoters" or "Final Beneficiaries") which are either a small and medium sized company as defined in Section 3.2.1. of this Side Letter, or where the investment targets one of the following activities:

- Environment
- Infrastructure
- Development of a Knowledge-Based Economy
- Rational use of energy
- Health
- Education

Public sector Promoters may be regions, counties or districts, municipalities and their associations and their public-private partnerships; chambers of commerce and industry, autonomous port authorities, State-controlled airport authorities, public service concession holders, agencies guaranteed by these authorities, etc.

## **2. GEOGRAPHICAL AREA**

EIB is prepared to consider ventures which are situated on the territory of Estonia, Latvia and Lithuania.

## **3. ELIGIBILITY OF SUB-PROJECTS AND PROMOTERS**

### **3.1. General conditions:**

- Sub-projects must be **economically, technically and financially sound**;
- Sub-projects are eligible for EIB financing if **implemented within a period of not more than three to five years** (applies to leasing operations as far as the underlying asset is concerned) and in line with the rules and restrictions as set out in this Side Letter and its Annexes;
- Sub-projects must be **individually identifiable, new Sub-projects** in terms of location, design and benefits, and may also involve expansion or modernisation. Mere repair or maintenance activities cannot be considered. Several allocations to one large Sub-project with different phases of implementation are possible if each phase is self-contained and independent from previous or consecutive phases;
- in the case of **environmental Sub-projects** they must comply with EU and national legislation (save for any derogations agreed between Estonia, Latvia or Lithuania, as the case may be, depending on where the project is located, and the EU) with regard to environmental protection;
- Sub-projects can only be financed if the national and EU requirements in force with regard to **procurement** for works, supplies and services have been satisfied. Where such procedures involve open or restricted procedures to be published in the Official Journal of the European Communities (only in the case of public sector works worth the

equivalent of EUR 5 million or more net of taxes, or for public sector supplies and services worth EUR 200 000 or more net of taxes), EIB reserves the right to review the different phases of the procurement process. If so requested by EIB, the Borrower will ensure that the Promoter makes the relevant publications in the Official Journal of the EU available to EIB.

In addition, in the case of Sub-projects which fall out of EU tendering requirements, EIB recommends that international competitive bidding should nevertheless be carried out at least accessible to the signatory states of the Agreement on the European Economic Area<sup>1</sup>. The Borrower will pass this recommendation on to the Promoters in a form deemed to be appropriate by the Borrower.

### 3.2. **Selection of Promoters and Sectorial Restrictions:**

Promoters' and Sub-projects' eligibility is subject to certain restrictions as to size and activity as outlined below. A Sub-project may be eligible for EIB financing under this Global Loan either if the Promoter fulfils the criteria set out in 3.2.1. or if the Sub-project – independent of the size or ownership structure of the Promoter (public or private) - falls into one of the sectors as described in 3.2.2. combined with Annex 1 and 2.

#### 3.2.1. Small and medium-sized enterprises

Sub-projects carried out by independent small and medium-sized manufacturing and processing enterprises, and by small and medium sized enterprises providing commercial services, can be considered irrespective of the sector in which these enterprises are active, subject to the restrictions described in Annex 1 and 2 of this side letter.

Small and medium sized enterprises in the sense of this Side Letter should display the following characteristics **before the implementation of the Sub-project:**

- **Balance Sheet:** net fixed assets, as shown in the balance sheet, not exceeding the equivalent of EUR 75 million,
- **Employees:** not more than 500 employees (with a margin of flexibility, however, to take account of labour intensive businesses), and
- **Independence:** not more than one third of the capital held by “non-SMEs”. "Non-SMEs" are enterprises which do not comply with one or both of the first-mentioned conditions.

Companies which do not fulfil the "Independence"-criterion can nevertheless benefit from EIB funding as long as the investment is located in one of the assisted areas of the EU<sup>2</sup> **and** as long as the amount of EIB funds allocated to such companies does not exceed one third of the total amount of the Global Loan. The “Independence”-criterion also does not apply if the shareholder in question is a company or institution whose task is the promotion of small and medium-sized enterprises.

#### 3.2.2. Sectorial exceptions and restrictions

**Annex 1** gives guidelines to clarify the eligibility criteria relating to Environment, Infrastructure, Knowledge-Based Economy, Health and Education.

Certain sectors are excluded under EIB's mandate, and certain sectors are considered sensitive in terms of EU-policy or for environmental or economic reasons (e.g. structural problems). In **Annex 2** these sectors are divided into two categories, "Restricted" and "Excluded", and the restrictions on financing are explained. EIB will update the list from time to time, as necessary. Changes introduced in the list will not have a retroactive effect.

<sup>1</sup> EU member states and Norway, Iceland and Liechtenstein.

<sup>2</sup> Assisted areas are defined as such by the European Commission, whereas “Objective 1” assisted areas are regions corresponding to level II of the Nomenclature of Territorial Statistical Units (NUTS level II) whose per capita GDP, measured in purchasing power parities and calculated on the basis of Community figures for the last three years available on 26 March 1999, is less than 75% of the Community average. “Objective 2” assisted areas are those with structural problems, in particular areas undergoing socio-economic change in the industrial and service sectors, declining rural areas, urban areas in difficulty and depressed areas dependent on fisheries. At present, all countries of Central and Eastern Europe fulfil the “Objective 1” criterion.

For Sub-projects related to **Energy**, specific restrictions, requirements and criteria apply. Consultation with EIB should be sought prior to submission of any allocation request in this sector.

As far as investments in the **steel sector** are concerned, any allocation request has to be accompanied by a fully detailed dossier in a form acceptable to EIB (normally, and as appropriate, the Borrower's in-house appraisal report).

#### **4. CEILINGS FOR EIB FINANCING AND SUB-PROJECT COSTS ELIGIBLE FOR SUPPORT**

##### **4.1. Ceilings for EIB financing**

The total amount of the loans provided for a Sub-project from EIB's resources should not exceed 50 % of the eligible Sub-project costs as defined here below. EIB's resources and other European Union resources (e.g. from the European Regional Development Fund – ERDF or the Cohesion Fund) may not cover more than 70% (90 % in areas defined as Objective 1<sup>3</sup> assisted areas by the EU) of the Sub-project costs in aggregate.

For individual Sub-projects forming part of the implementation of a large project, or for the expansion of an existing installation, EIB's funding through this Global Loan may go up to 100% of the eligible Sub-project costs, provided that these do not exceed 50% of the project's total costs. The implementation of the large project or the construction of the existing installation may not have started more than 5 years ago, and may not have been subject to EIB financing.

EIB will only consider Sub-projects whose costs are normally at least **EUR 40 000** and do not exceed **EUR 25 million**. EIB's agreement must be sought before an allocation request is submitted for a Sub-project where the total cost exceeds EUR 25 million or if an allocation request exceeds EUR 12.5 million. In both cases, EIB will carry out its autonomous appraisal of the Sub-project.

##### **4.2. Eligible Sub-project Cost**

###### **4.2.1. Tangible and intangible assets and working capital**

All costs directly associated with the capital investment can be taken into account in calculating the Sub-project costs of ventures, provided that they constitute a significant addition enabling the ventures to accomplish their economic purpose, and provided that the durable or permanent nature of the assets in question requires medium- or long-term financing, in particular:

- the purchase of tangible assets, land<sup>4</sup> or intangible assets (e.g. development, planning and financing costs during the construction phase) which are directly associated with the Sub-project. For financings falling into the sector "Knowledge-Based Economy" (as defined in Annex 1 Section 3 of this Side Letter), specifically for research and technical development programmes up to 3 years, labour costs directly associated with the Sub-project are part of eligible Sub-project cost.
- a permanent increase in working capital required to expand business activity as a result of the Sub-project. Working capital is defined as value of raw materials, work-in-progress, finished stock and debtors less creditors.

As far as intangible assets are concerned, the purchase of goodwill, the acquisition of patents and licences for telecoms, agriculture/food production rights or quotas, other production or distribution rights (such as for media and services) and licences or rights for mineral resource exploitation are excluded. Where a Sub-project's focus is on intangibles, the cost of patents and licences should not be more than 50% of total Sub-project cost.

Pure financial transactions (such as the purchase of shares or of the assets of an existing company), short-term financing for property developers and financing of Value Added Tax (VAT) are expressly excluded.

###### **4.2.2. Used fixed assets (buildings and plant)**

<sup>3</sup> At present, all countries of Central and Eastern Europe fulfil the "Objective 1" criterion.

<sup>4</sup> The financing of land purchase is excluded unless it is technically absolutely essential for the Sub-project. Financing of purchase of farmland is entirely excluded.

Up to 25 % of the global loan can be utilised for allocations to Sub-projects involving used fixed assets (buildings if older than 10 years need to be individually assessed; plant and equipment should not be older than 10 years), subject to the following conditions for the individual allocation:

- the used assets must be essential for the new Sub-project;
- they must help to create or maintain jobs in the long term;
- buildings and equipment which have already been financed by EIB or by the Borrower are expressly excluded;
- the costs of the used fixed assets must correspond to their current market value;
- in the case of Sub-projects whose total project costs are above EUR 1 000 000, the costs of the used buildings, plant and equipment may not exceed 50% of the total costs of the Sub-project.

## 5. SPECIFIC REGULATIONS FOR LEASING ACTIVITY

Leasing companies may either be Borrowers and/or Promoters as understood in the context of this Side Letter. In either case, eligible lessees can be private sector companies and public administrations. Both operational leases and financial leases are eligible for financing under this Global Loan, as long as the asset financed has a medium to long term economic lifetime. Leasing companies associated with a specific producer are not eligible for EIB financing. A change of lessee is permitted during the lifetime of the lease financing.

Investments financed via leasing operations may include fixed and moveable productive assets in industry (including agriculture and agro-industry), commercial services, health and education, subject to the limitations set out for the different sectors in this Side Letter. The ceiling for EIB financing (max. 50% of eligible Sub-project cost) and cumulative limitations for EIB and EU funding as set out in Art. 4.1. above have to be respected for investments of leasing companies.

If a leasing company is a Promoter, the Borrower (in that case the intermediary bank) has to provide the EIB with a list of investments of the leasing company in accordance with the requirements of Art. 1.09.a of the Finance Contract concluded between the Borrower and EIB at the latest 3 months after the end of the Allocation Period as defined in the Finance Contract for the specific Global Loan tranche.

## 6. SUBMISSION OF ALLOCATION REQUEST FORMS AND APPROVAL PROCESS

For each venture the Borrower must submit a completed and signed allocation request to EIB, in accordance with the model given in **Annex 3**. The implementation of the relevant Sub-project should not have been completed more than 6 months prior to the presentation of the allocation request.

Through their legally binding signature on the allocation request, the Final Beneficiary confirms that

- (i) Not more than 50% of total Sub-project costs have been financed from EIB funds.
- (ii) EIB funds and other EC funds (e.g. PHARE, ISPA) do not exceed 90% of total Sub-project cost.
- (iii) The Final Beneficiary is not a defendant in any legal proceedings brought by the European Commission.
- (iv) The Final Beneficiary does not conduct business in activities such as gambling, housing if not included into urban renewal and/or urban regeneration schemes, banking, insurance or financial intermediation and the manufacture, supply or trade in arms, or any other EIB excluded sectors.
- (v) The Final Beneficiary will maintain, overhaul and renew all property forming part of the Sub-project as required to keep it in good working order.

The Borrower may alternatively chose to present allocation requests bearing only his own legally binding signatures. In such case, the Borrower shall ensure that above conditions appear and are signed off by the Final Beneficiary in each financing agreement between the Borrower and the Final Beneficiary (hereinafter called "Sub-Financing Agreements"). The Borrower will make available to EIB the signed Sub-Financing Agreements upon its request.

EIB reserves the right to demand a fully detailed dossier in a form acceptable to EIB (normally, and as appropriate, the Borrower's in-house appraisal report) for all ventures to be financed. Such a dossier is compulsory in the case of Sub-projects in or near nature conservation sites, protected under national, EU or international legislation.

On the basis of the duly completed and signed allocation request, and if the request is in line with the criteria set out in this Side Letter, EIB will issue an allocation letter to the Borrower through which it approves the use of EIB funds for the relevant Sub-project. Exceptionally and if there is doubt about the eligibility of the Sub-project, an allocation request can

be presented to EIB already before actual conclusion of a subsidiary financing agreement with the Final Beneficiary. EIB may then notify the Borrower of its approval in principle. The allocation letter would be issued upon receipt of the updated and duly signed allocation request.

Exceptionally, EIB may require translation of certain documents into either English, French or German.

7. **REQUIREMENTS FOR SUB-FINANCING AGREEMENTS**

Sub-Financing Agreements should be of medium to long-term nature, with a lifetime normally not below 4 years including a grace period in line with the Sub-project's implementation period. Sub-projects carried out by SMEs can in principle be refinanced with EIB's resources for periods up to a maximum of 12 years. For Sub-projects in the other target areas, depending on the nature of the venture, EIB resources may be provided for up to a maximum of 20 years.

8. **PROVISOS**

EIB reserves the right to reject Sub-projects carried out by Promoters against which the EU Commission has instituted proceedings under Art. 81 (Dumping) and 82 (State Aid) of the Amsterdam Treaty.

If present circumstances change, EIB can from time to time unilaterally modify the criteria and allocation procedures specified in this letter, any such decision being made in writing and effective thenceforward. The criteria and allocation procedures which were in force at the time Sub-projects were approved for allocation by EIB cannot be altered by EIB retroactively.

The Borrower must ensure that the funding advantage arising from EIB's loan will provide benefits to the Promoters of the respective Sub-projects.

Yours sincerely

EUROPEAN INVESTMENT BANK

Acknowledgement of Receipt from the Borrower:

Enclosures

**ANNEX 1**

1. **Environmental protection**

Sub-projects in this area can be considered irrespective of the size of the promoter.

Reference is made to the definition of Environmental Laws, Environment and Relevant Laws in Article 6.02 of the Finance Contracts, and to the Borrower's general policy to require that the Final Beneficiaries

- a) comply with Environmental Laws in respect of investment Sub-projects financed by the Borrower; and
- b) supply such information as will enable the Borrower to verify that Final Beneficiaries so comply.

Such policy is to be maintained during the life of the Loan and its maintenance is to be evidenced to EIB upon its request.

- the following types of Sub-projects are *generally* eligible for EIB's support :
  - improvement of drinking water supplies and distribution;
  - waste water Sub-projects (including sewerage) and improvement of waste water treatment;
  - production or installation of equipment for environmental protection or reduction of environmental impact of an investment, including measurement and monitoring systems;
  - remediation and reclamation of derelict industrial land;

- abatement of noise and vibration by means of active and passive noise abatement measures, including relocation;
  - Waste management: Collection, Transport, Recycling, Conditioning, Sorting of domestic and industrial/commercial type waste (non-hazardous);
  - urban renewal (improvement of the quality of life in the urban environment);
  - restoration of protected monuments and buildings (e.g. preservation of cultural heritage);
  - environmental measures relating to traffic and transport.
- the following types of Sub-projects are eligible for EIB's support *on a restricted basis*:
    - social housing (in the sense of subsidised housing for low-income groups). The investments are eligible for support **only** in connection with programmes for urban renewal and/or urban regeneration schemes to improve the urban quality of life; mere real estate financing operations not intended for this purpose are expressly excluded.
    - for composting facilities with a maximum annual throughput of 60 000 tons, and waste recycling Sub-projects, EIB reserves the right to demand a complete dossier for approval.

Processing or disposal of solid waste, capital expenditure Sub-projects involving hazardous waste, incineration and composting (the latter would be allowed within the restrictions provided above) and interim storage of refuse are not suitable for financing under this global loan.

Sub-projects which merely involve the transfer of environmental problems from one location to another are not eligible for EIB's support. EIB may insist on carrying out its autonomous appraisal procedure for any Sub-project where an Environmental Impact Assessment (EIA) is required either by law or pursuant to a ruling on the need for an EIA issued by the relevant public authority (the Competent Authority).

## 2. Infrastructure

Within the general geographical boundaries set in section 2 of this Side Letter, the following type of Sub-projects can be considered irrespective of the size of the Promoter:

Sub-projects carried out and operated by a small or medium-sized enterprise (SME) providing commercial services within the area of tourism (e.g. panorama boats on rivers) or predominantly within the education sector (e.g. school sports hall).

Sub-projects which form part of are access roads to Trans-European Networks (TEN's).

Sub-projects which are located in assisted areas of the EU and are attributable to:

- capital investment projects relating to transport and traffic (e.g. federal, regional and local roads), railways, ports and airports;
- telecommunications (e.g. local area networks or private networks). Sub-projects can only be supported if they are self-contained, independent Sub-projects and not part of a large-scale capital investment project;
- development of industrial zones and parks;
- tourism infrastructure as mentioned above even if not provided by SMEs;
- sports, recreational and cultural facilities of a general nature (e.g. swimming pools, museums and community centres) even if not provided by SMEs.

## 3. Development of a Knowledge Based Economy

Within the general geographical boundaries set in section 2 of this Side Letter, the following types of Sub-projects can be considered irrespective of the location or size of the promoter<sup>5</sup>:

- Sub-projects enabling human capital formation and skills enhancement of the population following the concept of Life-Long-Learning as well as the widening and deepening of general access to high performing information and communication technologies (ICT) infrastructure (for limitations see footnote on this page).
- Sub-projects enhancing creation (research) and dissemination into educational, commercial and administrative processes related to the knowledge-based economy. This comprises mainly
  - tertiary education and university research
  - media, software or process content design and development

<sup>5</sup> Concerning information and communication technologies and infrastructure, operators with significant market power or market dominance are excluded from EIB financing through this Global Loan.



- adaptation of logistics/postal service processes, closing the loop between digitalised ordering and physical delivery of the goods
- E-business and e-government.
- innovations – developing/launching of innovative products, processes and services supporting the longer-term competitiveness of the European economy.

#### 4. Education

Within the general geographical boundaries set in section 2 of this Side Letter, irrespective of the location or size of the promoter, the following types of Sub-projects are eligible:

- Investments in infrastructure for the re-construction, expansion, modernisation, rehabilitation of education buildings (from pre-school to university level) and complementary facilities (student housing, canteens, sport halls etc);
- Expenditure covering the acquisition of educational equipment (traditional and ICT classroom equipment, libraries, laboratories) and pedagogical tools (textbooks etc);
- Programme of teacher/staff training;
- Curriculum reforms, quality control and accreditation systems;
- Components of vocational training and Lifelong Learning training programmes in educational institutions and industrial Sub-projects;
- Support for demand-side initiatives, such as national or regional student support schemes, including loans, increasing per capita spending on tertiary education;
- Research component in tertiary education Sub-projects (e.g. incubators, science parks etc.);
- e-learning tools and concepts, open universities including solutions covering infrastructure, content, training and facilities/help desk management;
- Programme implemented by public administrations and private companies to develop and diffuse knowledge via new and traditional media.

#### 5. Health

Within the general geographical boundaries set in section 2 of this Side Letter, the following types of Sub-projects can be considered irrespective of the location or size of the promoter:

- *generally* eligible for EIB's support:
  - capital expenditure Sub-projects for modernisation, expansion and equipment at all levels of the health service, including in general practice, outpatient clinics, general and specialised hospitals, hospices, psychiatric care, and dental medicine;
  - investment in healthcare research and development, educational facilities and arrangements for training of health staff, laboratories and diagnostic facilities, health ICT hardware and software;
  - public health and preventive medicine facilities and programmes;
  - social programmes, e.g. community care, day facilities, care of disabled children and adults, care of the elderly, home assistance to enable disabled to live independently;
  - Sub-projects in the area of veterinary medicine, provided that they involve veterinary care and surveillance or veterinary out-patient services
- Sub-projects regarded as ethically controversial, such as research laboratories which carry out experiments with human embryos, are *not* eligible for EIB's support<sup>6</sup>.

### ANNEX 2

#### SENSITIVE SECTOR LIST FOR GLOBAL LOANS

##### 1 Industry (other than agro-industry) and services

###### 1.1 Restricted sectors

###### **R4** Manufacture of synthetic fibres

<sup>6</sup> R&D and laboratory Sub-projects in which live animals are being used are only eligible for EIB funding insofar as their full compliance with the "Council of Europe's Convention for the Protection of Vertebrate Animals used for Experimental and other Scientific Purposes" can be guaranteed.

<b>R4</b>	Manufacture of motor vehicles
<b>R4</b>	Building and repairing of ships
<b>R4</b>	Manufacture of aircraft and spacecraft
<b>R1</b>	Steel industry*
1.2	<u>Excluded sectors</u>
<b>E</b>	Manufacture and distribution of weapons and ammunition, arms and military equipment
<b>E</b>	Manufacture and distribution of tobacco products
<b>E</b>	Housing, except for social housing in connection with programmes for urban renewal and/or urban regeneration schemes to improve the urban quality of life
<b>E</b>	Waste incineration and processing of toxic waste
<b>E</b>	Gambling and betting activities
2	<b><u>Agro-industry</u></b>
2.1	<u>Restricted sectors</u>
<b>R1</b>	Fish processing for human consumption
<b>R2</b>	Slaughtering facilities for pigs, cattle, sheep and poultry except those directly linked to market-oriented further processing facilities
<b>R2</b>	Production of ethyl alcohol from fermented material
<b>R2</b>	Collection and vinification of grapes for table wine production; production of grape must, whether or not rectified. Equipment for wine enrichment, distillation of wine
<b>R2</b>	Processing of tomatoes, peaches, pears and citrus fruit
<b>R3</b>	Olive oil mills
<b>R3</b>	Extraction or refining of olive residue oil
<b>R3</b>	Potato starch production including starch-derived products
<b>R3</b>	Production and processing of sugar, isoglucose and all other natural sweeteners
<b>R3</b>	Processing of oil seeds and protein crops
<b>R3</b>	Cow's milk processing and the production of butter, whey powder, milk powder, butter oil, lactose, casein, caseinate, heat treatment of liquid milk to give a long-life product (e.g. UHT, evaporated, condensed milk) and other milk products involving EAGGF (European Agriculture Guarantee and Guidance Fund) Guarantee expenditures (e.g. processed cheese)
<b>R3</b>	Animal feed preparation (e.g. drying) and production other than pet food
<b>R4</b>	Sea fisheries
2.2	<u>Excluded sectors</u>
<b>E</b>	Cold stores, other storage, treatment and packaging facilities in restricted or excluded sectors, except those required for direct further processing for non-intervention purposes
<b>E</b>	Milling of cereals, production of semolina, malting
<b>E</b>	Production of starch from any raw material as well as investments concerning products derived from such processes
<b>E</b>	Processing of flax and hemp
<b>E</b>	Processing of oil seeds and protein crops
<b>E</b>	Processing of tobacco
<b>E</b>	Grading and packaging of hen's eggs
<b>E</b>	Specialist pig markets
<b>E</b>	Processing of fisheries products other than for human consumption or the elimination of waste

**❖CATEGORY**

**DEFINITION**

\*As far as investments in the **steel sector** are concerned, any allocation request has to be accompanied by a fully detailed dossier in a form acceptable to EIB (normally, and as appropriate, the Borrower's in-house appraisal report).

<b>R1 (restricted)</b>	<p>In this category Sub-projects with investment costs <b>above EUR 1 m</b> are only eligible when they serve the following objectives:</p> <ul style="list-style-type: none"> <li>a) rationalisation and modernisation of the promoter's factories <b><i>without any increase</i></b> in the overall production capacity for any listed products/activities and/or</li> <li>b) environmental protection or improvement and/or</li> <li>c) rational use of energy and energy diversification away from oil</li> </ul>
------------------------	---

<b>R2</b>	<p>In this category Sub-projects with investment costs <b>above EUR 1 m</b> are only eligible when they have the objectives of:</p> <ul style="list-style-type: none"> <li>a) rationalisation and/or modernisation of the promoter's factories implying <b><i>a reduction of at least 20% of its overall pre-Sub-project production capacity</i></b> for any listed products or activities and/or</li> <li>b) environmental protection or improvement and/or</li> <li>c) rational use of energy and energy diversification away from oil</li> </ul>
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<b>R3</b>	<p>In this category Sub-projects with investment costs <b>above EUR 1 m</b> are only eligible when they have the <b><i>exclusive</i></b> objectives of:</p> <ul style="list-style-type: none"> <li>a) environmental protection or improvement and/or</li> <li>b) rational use of energy and energy diversification away from oil</li> </ul>
-----------	---

<b>R4</b>	<p>Only Sub-projects concerning production installations/lines that <b><i>conform to specific EU Directives</i></b> (e.g. Sub-project declaration and approval procedures and/or public aid granted) are eligible within this category.</p>
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<b>E (excluded)</b>	<p><b>Any Sub-project irrespective of cost and for whatever purpose is ineligible for EIB financing under the global loan.</b></p>
---------------------	--

Remark: For all sectors/activities in the restricted (R) categories, the restrictions do **not** apply if the investment is **below** EUR 1 m.

Date sent: Tue, 15 Mar 2005 12:00:34 +0100  
From: InfoDesk <[InfoDesk@eib.org](mailto:InfoDesk@eib.org)>  
Subject: RE: Global loans  
To: "'Centrum pro dopravu a energetiku'" <[cde@ecn.cz](mailto:cde@ecn.cz)>

Our contact details of all financial intermediaries for global loans in all countries we are active can be found on our website:

<http://www.eib.org/news/news.asp?news=33>  
<<http://www.eib.org/news/news.asp?news=33>>

-----Original Message-----

From: Centrum pro dopravu a energetiku [<mailto:cde@ecn.cz>]  
Sent: Friday 04 February 2005 11:08 AM  
To: [InfoDesk@EIB.ORG](mailto:InfoDesk@EIB.ORG)  
Subject: Global loans

Dear Sirs,  
can you, please, provide me with contact details (e.g. postal and email addresses) of the EIB s financial intermediaries for global loans in the following countries:

Central America - Central American Integration Bank CABEI/BCIE  
Jamaica - Jamaica Venture Fund  
Kenya - Credit Agricole Indosuez  
Lebanon - Jammal Trust  
Poland - Handlowy-Leasing S.A.  
Polynesia - Société de Crédit et de Développement de l'Océanie (SOCREDO)  
Spain - Caja Madrid

Thank you for your co-operation.

Best regards,  
Klara Sutlovicova

Centre for Transport and Energy  
Jicinska 8, 130 00 Praha 3  
Czech Republic  
tel./fax: +420 274 816 571  
e-mail: [cde@ecn.cz](mailto:cde@ecn.cz)  
<http://cde.ecn.cz/>

Subject: EIB's lending for renewable energy  
Date sent: Thu, 24 Mar 2005 13:06:51 +0100  
From: <[claudia.mori@kfw.de](mailto:claudia.mori@kfw.de)>  
To: <[cde@ecn.cz](mailto:cde@ecn.cz)>

Dear Ms. Sutlovicova,  
My apologies for taking so long answering your mail.

In reply to your questions addressed to my colleague Ms. Pöthig we would like to give you the following information: In the period 1999-2003 KfW used several global loans from EIB to refinance various lending programmes offered by KfW.

A global loan amounting to EUR 250 million was concluded in December 2000, with a second tranche in 2002, to refinance KfW's environmental protection programme.

Two existing global loans for other purposes were extended to cover environmental protection and CO2 reduction as well in October 2002. After the merger of KfW and DtA, a global loan between EIB and DtA was re-dedicated in December 2003 to refinance KfW's environmental protection and CO2 reduction programme.

The total loan amount allocated to CO2 reduction and environmental protection was close to EUR 1,2 billion. While both programmes do not especially target renewable energy projects, such projects can nevertheless be financed among other measures like energy saving or industrial pollution reduction. However, the EIB funds are not assigned to individual projects but serve to finance a certain quota of the total investment amount under the programme for a given period. Our reporting to the EIB is made ex-post following utilisation of the funds and restricted to the regional distribution of the loans in numbers and amounts. Therefore, we regret to say that we cannot provide a list of renewable energy projects as requested. The only significant information available is the percentage of renewable energy projects in relation to the overall programme volume p.a. I had in fact hoped to provide that percentage for the relevant years.

However, so far I have only succeeded to come up with the following figures:  
Percentage for renewable energy in the CO2 reduction programme: 2001: 12%,  
2002: 8.5%

Percentage for renewable energy in the environmental protection programme:  
2002: 27%, 2003: 26%.

If at all possible, I will provide the rest within the next two weeks.

Kind regards

Claudia Mori  
Senior Project Manager  
Business Policy Europe  
KfW bankengruppe  
Palmengartenstr. 5-9  
60325 Frankfurt a. M.  
Tel. 069 7431 2839

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Based on findings published in the report Dams and Development in November 2000, the World Commission on Dams, an independent body sponsored by the World Bank and IUCN, proposed criteria and guidelines for future planning of energy and water projects. The aim is to “provide a framework that emphasizes a structured process incorporating the full range of social, environmental, technical, economic and financial criteria and standards.”<sup>1</sup>

**1. Gaining Public Acceptance**

- a) Recognition of rights and assessment of risks is the basis for the identification and inclusion of stakeholders in decision-making on energy and water resources development
- b) Access to information, legal and other support is available to all stakeholders, particularly indigenous and tribal peoples, women and other vulnerable groups, to enable their informed participation in decision-making processes
- c) Demonstrable public acceptance of all key decisions is achieved through agreements negotiated in an open and transparent process conducted in good faith and with the informed participation of all stakeholders
- d) Decisions on projects affecting indigenous and tribal peoples are guided by their free, prior and informed consent, achieved through formal and informal representative bodies

**2. Comprehensive Options Assessment**

- a) Development needs and objectives are clearly formulated through an open and participatory process before the identification and assessment of options for water and energy resource development
- b) Planning approaches that take into account the full range of development objectives are used to assess all policy, institutional, management and technical options before the decision to proceed with any programme or project
- c) Social and environmental aspects are given the same significance as technical, economic and financial factors in assessing options
- d) Increasing the effectiveness and sustainability of existing water, irrigation and energy systems is given priority in the options assessment process
- e) If a dam is selected through such a comprehensive options assessment, social and environmental principles are applied in the review and selection of options throughout the detailed planning, design, construction and operation phases

**3. Addressing Existing Dams**

- a) A comprehensive post-project monitoring and evaluation process and a system of longer-term periodic reviews of the performance, benefits and impacts for all existing large dams are introduced
- b) Programmes to restore, improve and optimise benefits from existing large dams are identified and implemented. Options to consider include: rehabilitate, modernise and upgrade equipment and facilities; optimise reservoir operations; and introduce non-structural measures to improve the efficiency of delivery and use of services
- c) Outstanding social issues associated with existing large dams are identified and assessed; processes and mechanisms are developed with affected communities to remedy them
- d) The effectiveness of existing environmental mitigation measures is assessed and unanticipated impacts are identified; opportunities for mitigation, restoration and enhancement are recognised, identified and acted on
- e) All large dams have formalised operating agreements with time-bound license periods; where re-planning or relicensing processes indicate that major physical changes to facilities, or decommissioning, may be advantageous, a full feasibility study and environmental and social impact assessment is undertaken

**4. Sustaining Rivers and Livelihoods**

- a) A basin-wide understanding of the ecosystem's functions, values and requirements, and how community livelihoods depend on and influence them, is required before decisions on development options are made

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<sup>1</sup> World Commission on Dams: Dams and Development: A New Framework for Decision-Making, November 16th, 2000, An Overview (on-line version: [http://www.dams.org/report/wcd\\_overview.htm](http://www.dams.org/report/wcd_overview.htm))

- b) Decisions value ecosystem, social and health issues as an integral part of project and river basin development, and avoidance of impacts is given priority, in accordance with a precautionary approach
- c) A national policy is developed for maintaining selected rivers with high ecosystem functions and values in their natural state. When reviewing alternative locations for dams on undeveloped rivers, priority is given to locations on tributaries
- d) Project options are selected that avoid significant impacts on threatened and endangered species. When impacts cannot be avoided, viable compensation measures are put in place that will result in a net gain for the species within the region
- e) Large dams provide for releasing environmental flows to help maintain downstream ecosystem integrity and community livelihoods and are designed, modified and operated accordingly

#### **5. Recognising Entitlements and Sharing Benefits**

- a) Recognition of rights and assessment of risks is the basis for identification and inclusion of adversely affected stakeholders in joint negotiations on mitigation, resettlement and development-related decision-making.
- b) Impact assessment includes all people in the reservoir, upstream, downstream and catchment areas whose properties, livelihoods and non-material resources are affected. It also includes those affected by dam-related infrastructure such as canals, transmission lines and resettlement developments
- c) All recognised adversely affected people negotiate mutually agreed, formal and legally enforceable mitigation, resettlement and development entitlements
- d) Adversely affected people are recognised as first among the beneficiaries of the project. Mutually agreed and legally protected benefit-sharing mechanisms are negotiated to ensure implementation

#### **6. Ensuring Compliance**

- a) A clear, consistent and common set of criteria and guidelines to ensure compliance is adopted by sponsoring, contracting and financing institutions, and compliance is subject to independent and transparent review.
- b) A Compliance Plan is prepared for each project prior to commencement, spelling out how compliance will be achieved with relevant criteria and guidelines and specifying binding arrangements for project-specific technical, social and environmental commitments
- c) Incentives that reward project proponents for abiding by criteria and guidelines are developed by public and private financial institutions
- d) Costs for establishing compliance mechanisms and related institutional capacity, and their effective application, are built into the project budget
- e) Corrupt practices are avoided through enforcement of legislation, voluntary integrity pacts, debarment and other instruments

#### **7. Sharing Rivers for Peace, Development and Security**

- a) National water policies make specific provision for basin agreements in shared river basins. Agreements are negotiated on the basis of good faith among riparian States. They are based on principles of equitable and reasonable utilisation, no significant harm, prior information and the Commission's strategic priorities
- b) Riparian States go beyond looking at water as a finite commodity to be divided and embrace an approach that equitably allocates not the water, but the benefits that can be derived from it. Where appropriate, negotiations include benefits outside the river basin and other aspects of mutual interest.



- c) Dams on shared rivers are not built in cases where riparian States raise an objection that is upheld by an independent panel. Intractable disputes between countries are resolved through various means of dispute resolution including, in the last instance, the International Court of Justice
- d) For the development of projects on rivers shared between political units within countries, the necessary legislative provision is made at national and sub-national levels to embody the Commission's strategic priorities of 'gaining public acceptance', 'recognising entitlements' and 'sustaining rivers and livelihoods'
- e) Where a government agency plans or facilitates the construction of a dam on a shared river in contravention of the principle of good faith negotiations between riparians, external financing bodies withdraw their support for projects and programmes promoted by that agency

Subject: BLOM INFO  
Date: Wed, 26 Jan 2005 16:51:38 +0200  
From: Gladys Younis <[blom@blom.com.lb](mailto:blom@blom.com.lb)>  
To: <[main@bankwatch.org](mailto:main@bankwatch.org)>

Dear Ms Klara Sutlovicova,

We received a letter from you dated 21 Jan requesting information  
From Banque Du Liban et D'Outre-Mer (Name changed to BLOM BANK).  
We have no idea about EIB listing nor renewable energy projects.

Best regards  
Gladys Younes

Annex VI: Inquiry to the EIB about renewable energy project loans intermediaries

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From: Petr Hlobil [petr.hlobil@ecn.cz](mailto:petr.hlobil@ecn.cz)  
To: [BERGHORS@eib.org](mailto:BERGHORS@eib.org), [CARTERP@eib.org](mailto:CARTERP@eib.org)  
Subject: Request for information on global loans for renewables  
Date: Fri, 09 Jul 2004 14:08:16

Dear Yvonne and Peter

following our communication in last few weeks, I would like to request a list of intermediaries that provided loans for renewable energy projects in years 1999-2003 (it should amounting to just under 300 million Euros according Peter Sedgiwick statement) with number of projects and total amount that each of those intermediaries disbursed for renewable project in each of the years.

With regards  
Petr Hlobil

=====  
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Petr Hlobil  
ATTENTION: NEW ADDRESS  
Petr Hlobil  
Campaigns Coordinator  
CEE Bankwatch Network  
Jicinska 8, Praha 3, 130 00, Czech Republic  
Tel.+fax: 420-2-7481 65 71 1. 18

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From: Petr Hlobil [<mailto:petr.hlobil@ecn.cz>]  
Sent: Tuesday 29 March 2005 11:08 AM  
To: [BERGHORS@EIB.ORG](mailto:BERGHORS@EIB.ORG); [CARTERP@EIB.ORG](mailto:CARTERP@EIB.ORG)  
Subject: Re: Request for information on global loans for renewables

Dear Yvonne and Peter,

following the letter from the EIB President Philippe Maystadt to the European Ombudsman dated March 3 I would like to confirm that I am still interested to receive all the data I requested in my e-mail dated July 9, 2004.

I would appreciate if you provide those information as soon as it possible taking into account that I requested those data in July 9, 2004.

Additionally I would like to request to provide me same set of data for year 2004.

With regards  
Petr Hlobil

=====  
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Petr Hlobil  
ATTENTION: NEW ADDRESS  
Petr Hlobil  
Campaigns Coordinator  
CEE Bankwatch Network  
Jicinska 8, Praha 3, 130 00, Czech Republic  
Tel.+fax: 420-2-7481 65 71 1. 18  
<http://www.bankwatch.org>

From: THILL Valérie - 3142  
Sent: Tuesday 29 March 2005 18:32 PM  
To: '[petr.hlobil@ecn.cz](mailto:petr.hlobil@ecn.cz)'

Subject: FW: Request for information on global loans for renewables

Dear Mr Hlobil,

Thank you for your e-mail of 29 March 2005 requesting information on global loans for renewable energies sent to Peter Carter and Yvonne Berghorst. We are currently dealing with it and will return to you as soon as possible.

Sincerely yours,  
Valérie Thill

---

Valérie Thill, Information Officer  
Civil Society Unit  
Communication & Information Department  
European Investment Bank, Luxembourg  
Tel +352 4379-3142 / Fax +352 4379-3191  
[www.eib.org](http://www.eib.org)  
[v.thill@eib.org](mailto:v.thill@eib.org)

---

Date sent: Tue, 17 May 2005 15:05:54 +0200  
From: DEL VALLE Matilde - 3153 <[DELVALLE@eib.org](mailto:DELVALLE@eib.org)>  
Subject: Request for information on global loans for renewables  
To: "'[petr.hlobil@ecn.cz](mailto:petr.hlobil@ecn.cz)'" <[petr.hlobil@ecn.cz](mailto:petr.hlobil@ecn.cz)>

Dear Mr Hlobil,

Further to your e-mail of 29 March 2005 requesting information on global loans for renewable energies sent to Peter Carter and Yvonne Berghorst, please find attached a table for the period 1999-2004 indicating the amount allocated - per country and per year - under EIB global loan schemes to renewable energy (RE) projects. The table also includes a list per country of the financial intermediaries involved and the total amount per year allocated for RE projects. No RE projects were financed during the period 1999-2004 under EIB global loan schemes outside the EU.  
<<PG RE 1999-2004.pdf>>

For the period 1999-2003, the EIB supported through its global loans to financial intermediaries 87 RE projects in the European Union for a total amount of EUR 271.4 million. In 2004, 25 RE projects were financed through EIB global loans for a total amount of EUR 87.9 million.

Please note that the EIB does not publish the number of projects and total amount per year, per intermediary for renewable energy projects, as this information falls within the normal business relationship between a global loan bank and its customer. Such disclosure lies in the competence of the intermediary bank.

This is also explained in the publication "Public access to information. How EIB communicates - an overview" (page 2/3 ) and the "Background Note" on "EIB's transparent information policy", both published on our website (see <http://www.eib.org/publications/publication.asp?publ=62&region=-1&years=2002&categories=-1&country=-1&txtFreeSearch=''&page=1> and <http://www.eib.org/news/news.asp?news=58&categories=45> ).

Sincerely yours,  
Valérie Thill

---

Valérie Thill, Information Officer  
Civil Society Unit  
Communication & Information Department  
European Investment Bank, Luxembourg  
Tel +352 4379-3142 / Fax +352 4379-3191  
[www.eib.org](http://www.eib.org)  
[v.thill@eib.org](mailto:v.thill@eib.org)

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10 May 2005



Finance allocated under EIB global loans to renewable energy projects 1999-2004 (in EUR million)								
COUNTRY / Financial intermediaries who have provided renewable energy finance	Amount allocated							
	1999	2000	2001	2002	2003	2004	1999-2003	1999-2004
<b>AUSTRIA</b> BANK AUSTRIA CREDITANSTALT AG BANK FUER ARBEIT UND WIRTSCHAFT AG ERSTE BANK DER OESTERREICHISCHENSARKASSEN AG INVESTKREDIT BANK AG KOMMUNALKREDIT AUSTRIA AG RAIFFEISEN ZENTRALBANKOESTERREICH AG	1.086	7.394	2.616	5.020	18.907	15.571	35.023	50.594
<b>BELGIUM</b> NIB CAPITAL BANK NV						7.350	0.000	7.350
<b>DENMARK</b> NYKREDIT BANK A/S RINGKJOEBING LANDBOBANK A/S				12.443	6.744		19.187	19.187
<b>FEDERAL REPUBLIC OF GERMANY</b> BAYERISCHE HYPO UND VEREINSBANK AGKSO SONDERKREDIT BREMER LANDESBANK KREDITANSTALTOLDENBURG-GIROZENTRALE COMMERZBANK AG DRESDNER BANK AG INVESTKREDIT BANK AG KREDITANSTALT FUER WIEDERAUFBAU-KFW LANDESBANK SAAR LANDESBANK SACHSEN GIROZENTRALE LANDESBANK SCHLESWIG-HOLSTEIN GIROZENTRALE RINGKJOEBING LANDBOBANK A/S		14.050	2.528	40.539	77.696	37.604	134.813	172.417
<b>FINLAND</b> MUNICIPALITY FINANCE PLC MUNICIPALITY FINANCE PLC OP BANK GROUPATTN		1.177		6.700		1.540	7.877	9.417
<b>HUNGARY</b> KERESKEDELMI ES HITELBANK RTSTRUCTURED AND PROJECT		0.283					0.283	0.283
<b>LATVIA</b> NORD/LB LATVIJA JSC						1.916		1.916
<b>NETHERLANDS</b> NIB CAPITAL BANK NV						23.980		23.980
<b>PORTUGAL</b> CAIXA GERAL DE DEPOSITOS, S.A.				5.138			5.138	5.138
<b>SPAIN</b> CAJA DE AHORROS Y PENSIONES DE BARCELONA (LA CAIXA) CAJA MADRIDCAJA DE AHORROS Y MONTE DE PIEDAD DEXIA BANCO LOCAL SA INSTITUTO DE CREDITO OFICIAL	58.647						58.647	58.647
<b>SWEDEN</b> AB SVENSK EXPORTKREDIT DEXIA KOMMUNBANK AB KOMMUNINVEST I SVERIGE AB		2.652	4.007	2.400			9.059	9.059
<b>UNITED KINGDOM</b> HSBC BANK PLCAND HSBC ASSET FINANCE THE CO-OPERATIVE BANK P.L.C.		0.275		1.059			1.334	1.334
<b>TOTAL EU COUNTRIES</b>							271.361	359.322

Subject: EIB global loans  
To: [cde@ecn.cz](mailto:cde@ecn.cz)  
Copies to: "Cornelia Schragl" <[c.schragl@kommunalkredit.at](mailto:c.schragl@kommunalkredit.at)>  
From: "Thomas Zimmerl" <[t.zimmerl@kommunalkredit.at](mailto:t.zimmerl@kommunalkredit.at)>  
Date sent: Mon, 24 Jan 2005 18:09:13 +0100

Dear Mrs. Sutlovicova!

I am referring to your letter written on January 19th to Cornelia Schragl. Kommunalkredit has not yet financed any renewable energy projects within the EIB global loans and we do not have any renewable energy projects in our project-pipeline.

I hope we have helped you with this answer.

Sincerely

Thomas Zimmerl

\*\*\*\*\*

Mag. Thomas Zimmerl  
Vorstandsassistenz  
Marketing & Kommunikation  
Kommunalkredit Austria AG  
A-1092 Wien, Türkenstraße 9  
Tel.: +43 (0)1/31631-564  
Fax.: +43 (0)1/31631-99564  
E-Mail: [T.Zimmerl@kommunalkredit.at](mailto:T.Zimmerl@kommunalkredit.at)  
<http://www.kommunalkredit.at>, [wap.kommunalkredit.at](http://wap.kommunalkredit.at)

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Hinweis:

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From: "Daila Babre" <[daila.babre@nordlb.lv](mailto:daila.babre@nordlb.lv)>  
To: <[cde@ecn.cz](mailto:cde@ecn.cz)>  
Subject: information regarding to renewable energy projects  
Date sent: Fri, 21 Jan 2005 11:26:31 +0200

Attention: Ms. Klara Sutlovicova

Dear Ms. Klara Sutlovicova,

In reply to your letter of 12th January, we would like to inform that no renewable energy project has been financed from EIB's global loans in the period 1999 - 2003 as well as currently none has been intended.

Yours sincererly,

Daila Babre  
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NORD/LB Latvija  
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**This paper was prepared by CEE Bankwatch Network  
in cooperation with Friends of the Earth International**

**May 2005**



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the Earth  
International**

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