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Board of Governors  
European Investment Bank  
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**27th May 2010**

Dear Governors of the European Investment Bank,

Representing a coalition of European non-governmental organisations actively involved in the debate about the role and activities of the European Investment Bank (EIB), we would like to take the opportunity of the EIB's 52nd Annual General Meeting to raise three important issues currently facing the EIB, and would like to invite you to consider them in your discussions.

With the Lisbon Treaty now in force, the EIB is unequivocally obliged to comply with European development goals. The EIB's operations outside the EU, congruent with EU cooperation policy, are to: *"have as its primary objective the reduction and, in the long term, the eradication of poverty"*, along with fostering *"the sustainable economic, social and environmental development of developing countries (...)"*, encouraging the *"integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade"*, and helping to *"develop international measures to preserve and improve the quality of the environment and the sustainable management of global natural resources, in order to ensure sustainable development (...)"*. The recent review of the EIB's lending under the Community guarantee<sup>1</sup> revealed institutional and policy shortcomings that prevent the EIB from successfully meeting these new obligations.

The Member States must follow up this report and instruct the EIB on policy and institutional reforms necessary to get the bank into compliance with development cooperation objectives and the policies of the EU. Specifically we would like to focus your attention on the pressing need for streamlining the EIB's operations outside the EU towards selected sectors that

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<sup>1</sup> European Investment Bank's external mandate 2007-2013 Mid-term review. Report and recommendations of the Steering committee of "wise persons", February 2010

have clear long-term development impacts and also on improving the EIB's accountability vis-a-vis local affected communities and European taxpayers.

Although the transparency of financial institution operations was agreed to be a major objective of the EU Recovery Plan of President Barosso, EIB has made no improvement regarding its financing to financial intermediaries. Taking into account significant increase in the Bank's financing through financial intermediary in 2009 and a further increase expected in 2010, we call you to ask the Bank to respond to the European Parliament adopted Resolution on the EIB's Annual Report for 2008 which includes a request that the EIB *"better monitor and make more transparent the nature and final destination of its global loans in support of SMEs."*<sup>2</sup>

Last year the EIB was given the task of becoming a leader in the fight against climate change. Climate change is an urgent challenge for us all and its effects are emerging with increasing acuteness around the world. It needs to be tackled primarily by a rapid decline in domestic carbon emissions resulting from energy production. We believe that EIB action in this regard should be focused primarily within the EU and on mitigation and adaptation actions. The EU's energy and climate targets for the next decade – although not yet fully sufficient – offer a practical framework to address the climate challenges.

In this context, we would like to draw your attention to the findings of the CEE Bankwatch Network study *"Change the lending, not the climate"*, in which is described the lingering discrepancy between the EIB's lending to new and old Member States for renewable energy. To date there has been marginal support from the EIB for the urgently needed development of renewable energy and energy efficiency measures in central and eastern Europe. We therefore recommend that, moving forward, the Board of Governors places increased emphasis on the EIB supporting these countries in their efforts to develop substantially less carbon-intensive economies.

In conclusion, we believe that the current period is crucial in defining the future role of the EIB, and we hope that Member States will take political leadership to discuss the strategic issues raised above.

We look forward to hearing from you and wish you fruitful discussions.

On behalf of CEE Bankwatch Network and the Counter Balance coalition.

Yours faithfully,



Executive Director, CEE Bankwatch Network

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<sup>2</sup>MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION on the European Investment Bank's annual report for 2008 (2009/2166(INI)) <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2010-0062&language=EN#title1>