

**Counter**  
**Balance** Challenging  
the European  
Investment  
Bank

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c/o CEE Bankwatch Network

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**TO: Dr. Werner Hoyer**  
**President of the European**  
**Investment Bank**

European Investment Bank  
Luxembourg

  
12<sup>th</sup> March 2012

We, the undersigned, are writing you as representatives of the Counter Balance coalition. Our coalition of non-governmental organisations monitoring international public finance is advocating for the EIB to become an open and progressive institution delivering on EU development goals and promoting sustainable development to empower people affected by its work.

We would first like to congratulate you and welcome you to your new position. With the economic and financial crises we are currently facing this is undoubtedly a very challenging time to be at the helm of Europe's main financial institution.

In recent years the European Investment Bank has undergone some changes welcomed by civil society organisations notably the strengthening of the Bank's environmental policy, improvement of access to information from the EIB, establishment of an internal accountability mechanism and the opening of public consultations on the EIB's lending policies. We look forward to seeing you follow this path and strengthen the mechanisms and policies that ensure the compliance with and promotion of European values and standards.

We would also like to take this opportunity to highlight a certain number of issues concerning specific EIB loans and investments that we have been following: notably external lending, i.e. lending outside the EU, climate change, and working with financial intermediaries and PPPs.

**- On lending outside the EU**, we are confident that you understand the importance of the mid-term review of the external lending mandate as well as the ruling of the European Court of Justice that confirmed your institution's responsibilities to sustainable development, poverty alleviation and the promotion of the rule of law. The review essentially requires your external lending be focused on these notions and to be inclusive in its approach, especially when it comes to civil society in the countries where a project is being considered. We recommend the EIB develops alternative and more appropriate measures of growth and

development that capture critical perspectives such as inclusiveness and sustainability and mainstreams development concerns at the investment selection phase in order to avoid EIB support to such projects like Mopani in Zambia where recorded tax avoidance practices and environmental damages put at risk the image of the EU in the developing world.

- **On climate change**, we look forward to seeing you turn the institution into a climate positive one; one that is not only investing in climate-friendly projects but literally phasing out all climate-damaging projects, especially in the energy and transport sectors in accordance with the EU's 2050 policy goals. We see your institution as capable of paving the way for industry to a climate friendly and socially sound solution to the sustainable development challenge (e.g. through investments in renewables and energy efficiency). On this note we are keen to engage in the discussion on the EIB energy policy in the forthcoming revision process.

- **When working with financial intermediaries**, the smaller investments these intermediaries are making with the loans you provide them require extra oversight and scrutiny to ensure that your loan does indeed provide the added value you are aiming for with that kind of lending. We emphasize the need of improving transparency of this type of lending by making available aggregated data on sectorial breakdown, level of disbursement by financial intermediary to beneficiaries and information on environmental impact assessments of all benefiting projects. In particular we believe that there are serious and well documented reasons for avoiding channeling EIB support through private equity funds.

- **The EIB's PPP investments** have often been equally complicated and problematic with arrangements often tending to favour the private partner at the expense of the public, who will be inheriting - often off-balance sheet - debt and associated financial obligations for years to come. We are concerned about the fact that with more and more EIB's financing taking place through PPP mechanisms, EIB does not sufficiently engage in ensuring that the public sector obtains value for money in proposed PPP deals.

**To this end, we would appreciate the opportunity to exchange views directly with you in the years ahead that will be pivotal for Europe and EIB in many ways, given systemic changes happening in the EU structure and more specifically the financing of the overall EU external action.**

**We would also be happy to meet with you in person even before the next meeting with the EIB Board of Directors.**

Yours sincerely,

**Desislava Stoyanova, Head of Secretariat, Counter Balance**



**Valérie Collin, Director of Friends of the Earth France**



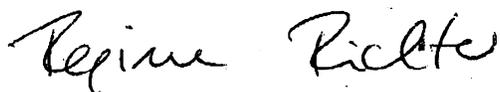
**Mark Fodor, Director, CEE Bankwatch Network**



**Jesse Griffiths, Coordinator, The Bretton Woods Project, UK**



**Regine Richter, urgewald e.V., Germany**



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**Antonio Tricarico, New Public Finance Officer, Campagna pe la Riforma della Banca Mondiale, Italy**



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Counter Balance is a European coalition of development and environmental non-governmental organisations with the mission to make the EIB an open and progressive institution delivering on EU development goals and promoting sustainable development to empower people affected by its work.

Counter Balance includes members from:

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- \* Central and Eastern Europe: CEE Bankwatch Network
- \* France: les Amis de la Terre
- \* Germany: urgewald
- \* Italy: Campagna per la Riforma della Banca Mondiale
- \* Netherlands: BothEnds
- \* United Kingdom: Bretton Woods Project

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