



Counter
Balance Challenging
the European
Investment
Bank

CEE Bankwatch Network
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Board of Governors
European Investment Bank
100, boulevard Konrad Adenauer
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11th May 2012

Dear Governors of the European Investment Bank,

I am writing you on behalf of a coalition of European non-governmental organisations actively involved in the debate about the role and activities of the European Investment Bank (EIB). I would like to take the opportunity of the EIB's 54th Annual General Meeting to raise important issues currently facing the EIB and invite you to consider them in your discussions.

The Bank recently decreased its portfolio to pre-crisis levels. This has taken place at a time during which the economic outlook for Europe remains highly unstable. This has triggered a call addressed to EIB's shareholders to provide additional capital to the bank thus allowing for an increase in investments in cross-border infrastructure. We would argue that more cross-border infrastructure does not actually represent a solution for Europe's economic, social and environmental stability. The challenge for the bank is not to increase the number of infrastructure projects it invests in, but rather to invest in better projects and programmes working as a financial catalyst for achieving the EU's objectives like sustainable development, environmental and climate protection as well as social cohesion. As an EU bank, we would urge that you push it to revisit its strategy, in order to ensure it is focused on community common objectives as laid down in the Treaty of the EU. At this point, we would urge you to put on hold any decision on granting a capital increase to the bank, pending a clear demonstration of the quality of its operations, especially with respect to their alignment to the common policy objectives.

One sector which could clearly benefit from a better alignment of the EIB's lending with the EU's long term objectives is the energy sector. This could hold multiple benefits for the EU, if for example, the EIB were to more strongly prioritise projects meeting requirements of all the pillars of EU energy policy, such as projects in energy efficiency and renewable energy sources. It is worth mentioning here that, since 2007, EIB lending to renewable sources of energy has

increased three-fold; further energy efficiency investments have also increased significantly over this period. This is a very welcome trend. However, when considering if the EIB should be receiving a capital increase, please consider that it provides loans to support fossil fuel based infrastructure of national or regional importance, loans that by their very nature undermine the EU's common policy objectives on climate protection and environmental sustainability. These investments driven by national or regional interests are not only undermining EU objectives but have also lead to significant distortions among EU member states in the proportion of lending to modern and innovative renewable energy sources as well as energy efficiency. We very much feel this issue deserves your attention and would encourage you to address this namely by adjusting the direction for the bank to follow in the year to come.

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,

A handwritten signature in black ink, appearing to read 'M Fodor', written in a cursive style.

Mark Fodor
Executive Director, CEE Bankwatch Network