

## Comments by the European Investment Bank to the blog post “How to understand data from the EIB - what does the data tell us?” and Bankwatch’s responses

Before responding to the individual comments, we would like to explain shortly the purpose of our article on the Open Spending blog and the idea behind open data.

The Open Spending project aims to increase the availability of open datasets that can be examined with the help of programmes rather than manually – ultimately to increase public access and oversight over public spending.

The analysis and interpretation of complex public spending data often remains a prerogative of the institutions that administrate public money (in this case the EIB). The EIB’s interpretations will naturally not always reflect all viewpoints and most likely not critical ones like ours. Independent scrutiny is therefore in the core public interest. Yet, with every bit of information that is not available (or only via time-intensive research), a critical assessment of the EIB’s interpretation is made more difficult, resulting in less public oversight and fewer possibilities to independently evaluate and to influence decisions regarding the spending of public money.

A case in point is the EIB’s opinion that its support goes to projects, not companies (see the fourth comment below). Projects are important elements of the companies’ business plans and companies naturally strive to make profits from all their investments. If certain companies received a disproportionate amount of EIB funding or if a company whose subsidiaries have repeatedly been charged with corruption continue to be funded by the EIB then this could be considered an improper use of public funds. Making the company information easily available and accessible is therefore highly relevant for the public oversight of the operations of the EIB as a public institution.

It is against this background that our blog post and the following comments to the EIB’s responses have been prepared.

***“The data has its limitations: no machine-readable data is readily available, and it is not possible to aggregate loan volumes.”***

**EIB comment:**

*EIB lending volumes can be searched and aggregated in the “Projects financed” section of the Bank’s website (<http://www.eib.org/projects/loans/index.htm>). Furthermore, this data can also be exported in an Excel file. You were specifically informed of this on our e-mail on 01/10/12 and therefore such a comment appears to be only wilfully misleading.*

**Bankwatch response:**

Our statement is incorrect in that some data on EIB energy lending is downloadable from the website, however, it is important to note that this information is not an accurate representation of the EIB’s full energy lending portfolio, which is the topic in question. This is for two reasons: first, the file only allows for a break down by country, region or date. Information on sub categories (like energy sources) can be found in the individual project descriptions, but this does not allow for an automated analysis nor is it as detailed as the database provided on request.

Second, the online database differs substantially (in terms of loan volumes) from the data aggregated in the energy database available on request. To illustrate this, the table below shows the numbers for 2009 and 2010 (in million euro):

	<b>2009</b>	<b>2010</b>
<b>Total amount in online database</b>	11 110	14 591
<b>Total amount in database sent on request</b>	14 754	17 502
<b>Difference</b>	3 644	2 911

While these differences are to some extent due to the fact that the online database does not include energy-related components of projects in other sectors (eg. energy efficiency components in urban infrastructure loans for housing project) differences of 3,6 billion and 2,9 billion euros are hardly negligible. *Detailed and reliable* energy lending data is therefore still only available on request and not on the EIB’s website. Accordingly, a *reliable* aggregation of loan volumes is not possible with the database on the EIB’s website.

Thus the wording of the blog post will change to the following:

*The data has its limitations: Machine-readable data is available on the website but it is not reliable because it significantly differs from the more detailed databases provided on request (see below). Furthermore, the aggregation of loan volumes can only be made at a sectoral level, pre-empting the possibility to examine different categories within the energy sector (energy efficiency, coal, gas and so forth.).*

*[In reaction to the EIB's comments, we revised the original statement that "no machine-readable data is readily available, and it is not possible to aggregate loan volumes".]*

***"Machine-readable datasets for individual industry sectors are available on request, though not for all industry sectors (no transport database for instance) and you'll have to wait one month for the file."***

**EIB comment:**

*As explained to Bankwatch on our e-mail of 01/10/12, the figures for EIB lending in the transport sector (as well as in all other to which the EIB lends, namely: Agriculture, fisheries, forestry, Composite infrastructure, Energy, Credit lines, Health and Education, Industry, Services, telecommunications, urban infrastructure, Water, sewerage and Solid waste), are available on the Bank's website (<http://www.eib.org/projects/loans/sectors/transport.htm>). Furthermore, we note that Bankwatch requested the transport lending figures on 20/09/12 and the Bank provided them on 01/10/12; that is a six working days, and not a "one month" delay. The latest request by Bankwatch for EIB lending figures was received on 29/04/13 and the reply was sent on 06/05: that is 4 working days.*

**Bankwatch response:**

In a reference to the timeline for disclosure it is true that Bankwatch received the requested file within 4 working days. However experience shows this to be the exception rather than the rule: for example it took one month (from 21 February to 21 March 2013) for a response to a request for an Environmental Impact Assessment about an energy project in Germany (to which a link on the EIB webpage was not working). In 2011 it took one full month for a response to our request regarding the disclosure of the Energy and Climate Action databases (request dated 8 April with the EIB response arriving 11 May).

The blog post will be amended in the following way:

*More detailed and accurate datasets for individual industry sectors are available on request, though not for all industry sectors (no transport database for instance) and you'll have to wait up to one month for the file.*

*[In its comments to this blog post, the EIB pointed out that Bankwatch had received a number of databases within a few days. This, however, is not a general practice and when planning to examine EIB data, one has to be at least prepared for a longer waiting time.]*

***"This is particularly useful if comparing for instance energy efficiency lending in the old Member States of the western EU versus the new Member States, where the potential of and need for energy efficiency measures is much higher."***

**EIB comment**

*This is a misleading statement. As already discussed with Bankwatch, it shows only that lending to EU 12 is lower than lending to EU 15, which of course, reflects lower absorption capacity and the relative size of the EU 12 economies.*

*A correct comparison for the same countries 2007-2011, would conclude the following:*

	Total EIB	Energy	EE	EE %Total	EE %Energy
EU15	279,487 m	42,181 m	1,429 m	0.6%	3.4%
EU12	51,750 m	4,857 m	354 m	0.7%	7.3%

*EIB Energy Efficiency lending to the EU 12 as a share of the Total Energy Lending is 7.3%. This is more than double the share of energy lending in the EU15. Therefore, EIB lending has correctly responded to the higher need for EE investments in EU 12.*

**Bankwatch response:**

To say that the potential of and need for energy efficiency measures is much higher in the new Member States is hardly misleading when comparing for instance the energy intensity in the EU-12 (new Member States) with the EU-15 (old Member States). The table below shows examples from a few countries.

EU 12 countries:	EU 15 countries:
Poland 330,54 Bulgaria 671,10 Latvia 363,33 Estonia 545,00 Hungary 295,49 Czech Rep 374,58 Romania 395,54	Spain 137,02 France 151,60 Germany 141,88 Italy 123,64 Belgium 190,82 UK 111,86 Ireland 92,81
<i>Energy intensity, understood as gross inland consumption of energy (kg of oil equivalent) divided by GDP (per 1 000 EUR). Based on the Eurostat 2010 database.</i>	

It is debatable whether the EIB's energy efficiency lending in new Member States is an appropriate response to the situation, and here Bankwatch disagrees with the EIB's interpretation. We count energy efficiency for all sectors of the economy, and therefore believe that the bank's energy efficiency lending should be assessed as a share of its total lending. Since this figure is only slightly larger for EU-12 countries we argue that the EIB's energy efficiency lending has no or too small an impact on overcoming the energy intensity gap among EU Member States.

***“At the same time, the data provided by the EIB is relatively sparse, and the files notably do not include the names of loan beneficiaries, which would allow assessing whether any companies receive particularly extensive EIB support and in which countries these are based.”***

**EIB comment:**

*Names of loan beneficiaries are available on the EIB website, are often part of the project names, are published on the Bank's Annual Activity reports and could have been provided to Bankwatch if requested. Bankwatch never asked for additional information on the data provided, although the Bank did offer to provide details if required. Furthermore, it is important to note that EIB loans do not support companies but specific projects. Countries where projects are located were provided to Bankwatch and are indicated on the Bank's website.*

**Bankwatch response:**

Apart from the first paragraph, the entire article, including this statement, refers to the detailed database provided by the EIB on request. As explained in the introduction to our responses, the blog post's discussion concerned data that could be examined automatically without the need to consult detailed documentation. By making loan beneficiaries only available in the online database an examination pertaining to these beneficiaries is made much more difficult and time intensive than necessary.

In addition, not all loan beneficiaries are available on the EIB's website or are "hidden" in a pdf document. For example:

- the beneficiary of the loan "Photovoltaic Power Plant Brandenburg" is unknown  
<http://www.eib.org/projects/pipeline/2008/20080646.htm>
- <http://www.eib.org/projects/pipeline/2009/20090653.htm> (beneficiary only available in EIA document)
- <http://www.eib.org/projects/pipeline/2010/20100326.htm> (beneficiary only available in EIA document)
- <http://www.eib.org/projects/pipeline/2009/20090447.htm>

Bankwatch's note on the missing country information refers not to the project location but to the country where the *project companies* are registered. At a time when tax havens / secrecy jurisdictions are high on the political agenda we expect the EIB to understand the importance of this information. This is all the more relevant in view of the EIB's loan to Mopani Copper Mine and the subsequent [blacklisting of its main shareholder company Glencore](#).

***“Quite a number of projects in the EIB database we simply removed because they did not seem to be related to energy, let alone renewable energy. For example the Poland Forestry and Environment project aims at rural development and includes “afforestation, improved forest management and protection, and small-scale rural and agricultural infrastructure”. The project is classified as renewable energy in the EIB’s database, but after examining all the information we could find, it is inexplicable how the programme relates to renewable energy development.”***

**EIB comment:**

*The Poland Forestry and Environment project is classified as a project in the “Agriculture, fisheries, forestry” sector on the Bank’s website (<http://www.eib.org/projects/loans/2011/20110329.htm>). As indicated on the figures provided to Bankwatch, 25% (62.5 million) of this loan is classified as Renewable Energy (75% is classified as protection of the Environment). The Renewable Energy share is related to the project’s contribution to sustainable biomass production for renewable energy.*

**Bankwatch response:**

This information about the project’s component of biomass production was not included on the EIB website nor in the original database. An additional review of the priority axes of the [Polish Rural Development Programme](#) (available in Polish only) also does not offer any further information regarding the biomass aspect. In reviewing the EIB’s comments to this post we found reference to renewable energy only by examining the 400 page document [“Rural Development Programme 2007-2013”](#) available on the website of the Polish Ministry for Agriculture and Rural Development. Thus the information provided by the EIB does not allow for timely verification of the bank’s classification.

Regarding the questionable classification as energy or renewable energy, there are other examples which we could have used instead.

We will therefore change this part of the blog as following;

*Quite a number of projects in the EIB database we simply removed because they did not seem to be related to energy, let alone renewable energy. For example all energy-related expenditures for the large-scale waste incineration plant Termovalorizzatore Torino (<http://www.eib.org/projects/pipeline/2007/20070142.htm>) were assigned to renewable energy. Since we argue that waste is not a “renewable” energy source, we excluded the project from our numbers.*

*[In its comments, the EIB explained that the Poland Forestry and Environment project, which we had earlier used as an example here, contained an element of energy production from biomass. The information, however, can only indirectly be found in a 400 page pdf file available on the website of the Polish Ministry for Agriculture and Rural Development. In any case, the point we are trying to make here can be illustrated by a number of examples, which is why we replaced the one from Poland.]*

***“In some cases, financing that clearly did not go to renewable energy sources was nonetheless added to the renewables figure, even though renewables was just part of that loan. In case of a project with the Italian power company ENEL the EIB assigned the loan to “Renewable energy” even though more than 50% of the total loan of 450 million Euro was aiming at fossil fuels.”***

**EIB comments:**

*Enel Energia Rinnovabile loan signed in 2007 is currently classified by the EIB as 43% Renewable Energy (26% run-of-river hydro, 17% geothermal); 57% Conventional Energy (20% Coal; 37% natural gas). The classification of this project as 100% Renewable Energy in the internal table sent to Bankwatch in June 2010 is naturally a mistake, most likely based on the fact that the EIB’s classification of lending objectives was modified in 2008 and we apologise for this. To our knowledge, this mistake was subsequently corrected and never taken into consideration in the Bank’s public data regarding its energy lending.*

**Bankwatch response:**

We will update the blog post by adding the following note:

*[In its comments to the blog post, the EIB explained that the classification of the project was a mistake in the database we received and that “this mistake was subsequently corrected and never taken into consideration in the Bank’s public data regarding its energy lending”.]*

***“For example, a loan over 500 million euros in 2007 for the construction of a new boiler at the Power Plant Karlsruhe is considered energy efficiency (and thus boosts the bank’s ‘green energy lending’) even though the project leads to an overall increase in CO2 emissions.”***

**EIB comment:**

*Power plant Karlsruhe was designed as a high efficiency cogeneration plant. The project is classified as contributing to the Security of Supply objective and was not classified as Energy Efficiency in the documents provided to Bankwatch. Therefore, contrary to what your statement indicates, the project does not boost the Bank’s “green lending”.*

**Bankwatch response:**

The assignment of the Power Plant Karlsruhe as energy efficiency is a mistake in our database. However, the point remains valid: many other new fossil fuel-based cogeneration plants are in fact classified as energy efficiency. For example the co-firing coal and biomass power plant in Czestochowa in Poland under the FORTUM CHP AND E-METERING project in 2009, the Tejo Energia CCGT in Portugal in 2009 or recently in 2011 the construction of a combined cycle gas turbine in the combined heat and power plant near Sdom in Israel.

This misclassification also raises another point for discussion: the lack of clear criteria for classifying similar types of power plant projects. For example

- In the online project data sheet on Tejo Energia the objective of the projects is described as “*contribut[ing] to enhance security of electricity supply*”. This, however, was not reflected in the database categorisation.
- In 2009 the EIB financed the construction of Latvenergo CHP combined heat and power gas plant under both objectives: EE and diversification / security of supply even though Latvia is entirely dependent on one source of gas (from Russia).
- In its “Eligibility framework for climate action projects”, the EIB states that CHP projects are eligible if they meet the energy efficiency criteria defined in Directive 2004/8/EC. Since you write that the power plant in Karlsruhe is a high efficiency cogeneration power plant, it should be included under energy efficiency in the climate action database and thus in the energy database.

To replace the Karlsruhe example, we will revise the blog post in the following way:

*For example loans over (approximately) 200 million euros in 2009 for the construction of a new gas power plant in Portugal (<http://www.eib.org/projects/loans/2002/20020335.htm>) are considered energy efficiency (and thus boost the bank’s ‘green energy lending’) even though the project lead to additional capacity to burn fossil fuels and thus emit CO2.*

*[In its comments, the EIB correctly pointed out that the original example (the Karlsruhe power plant - <http://www.eib.org/projects/pipeline/2006/20060303.htm>) was not classified as energy efficiency in the database. The point we make nonetheless remains valid and is illustrated by another example, since we maintain that efficiency gains per energy unit do not justify a classification under energy efficiency when the project leads to an overall increase in CO2 emissions.*

***“This is especially problematic in the case of greenfield power plants in developing or transition countries that often have a significant potential to increase energy efficiency. EIB money that could be used for measures to decrease energy loss and consumption, has instead financed new and more efficient (or ‘less inefficient’) fossil fuel fired power plants to address growing energy demand.”***

**EIB comment:**

*The most important energy requirement of developing countries is meeting demand growth. The EIB disagrees with the CEE Bankwatch’s opinion that Energy Efficiency is more important than providing power in developing countries.*

**Bankwatch response:**

We agree to disagree that the growth of energy demand should be the main priority of energy lending in developing and transition countries. It is particularly debateable whether centralised fossil fuel power production benefits rural and poor populations with limited access to electricity.