



Focusing on renewable energy and the environment

- Protecting and improving the environment is of central concern to the European Investment Bank (EIB).
- As the European Union's policy-driven bank, it is committed to increasing activities to promote renewable energy investment.
- EIB is to double the share of renewable energy projects from 7% to 15% in overall EIB energy sector financing over the 5-year period 2002-2007.
- Renewable energy lending is to reach up to 50% of the Bank's total financing for new electricity generation capacity in the EU by 2008-2010.
- A third of EIB's individual loans in the Europe are to go towards environmental projects.



The European Investment Bank and **Renewable Energy**

The Environment, an operational priority

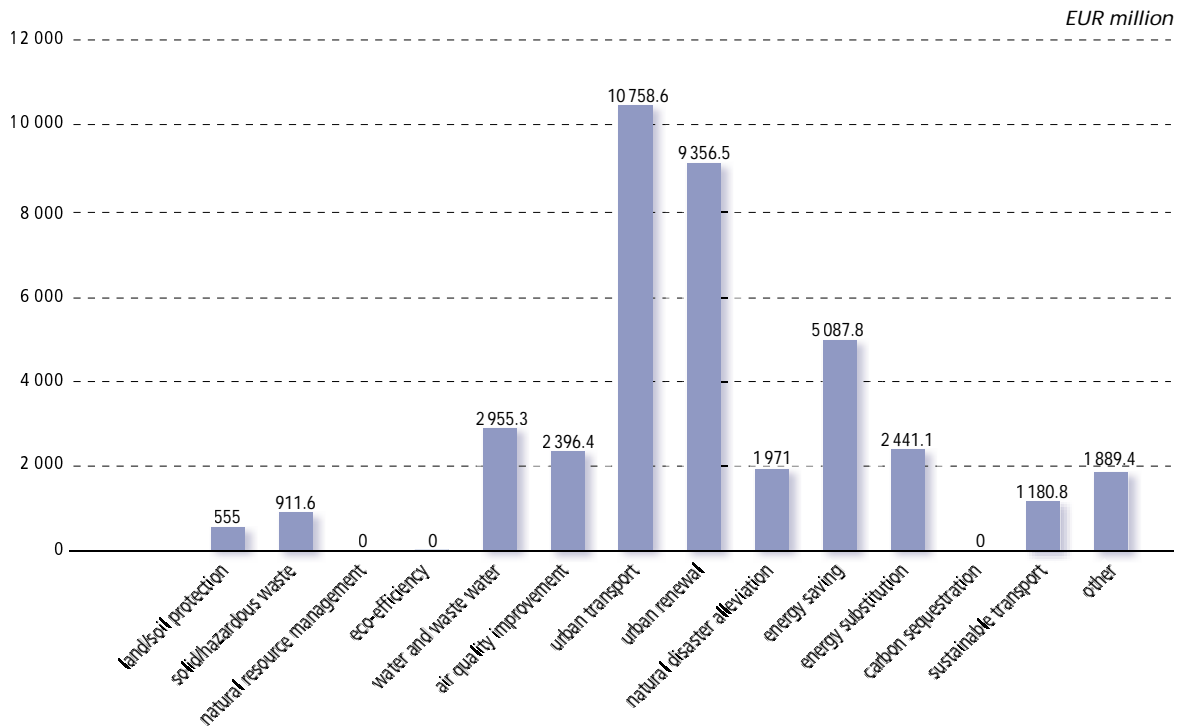
The EIB applies the high standards established by the EU for carrying out its environmental activities and takes a proactive approach to environmental issues. The Bank supports the implementation of investment projects promoting the environmental policy of the European Union (EU), in particular the Commission's Sixth Environmental Action Programme.

Protecting and improving the environment ranks among the EIB's top operational priorities. Accordingly, the Bank has set itself in its Corporate Operational Plan (COP) for 2004-2006 the goal of devoting **30-35% of all its individual loans within the enlarged EU to projects safeguarding and enhancing the environment.**

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Environmental Lending for Individual Projects, 2003



The majority of EIB environmental lending concerns:

- Tackling Climate Change (energy efficiency and renewable energy);
- Protecting Nature / Biodiversity and Natural Resources (flood relief and natural disaster prevention and alleviation);
- Environment and Health (reduction of air pollution, provision of water and wastewater treatment);
- Sustainable Use of Natural Resources & Waste Management (minimisation, recycling, re-use and disposal of domestic, commercial and industrial waste);
- To improve the quality of life in the urban environment (urban renewal and sustainable urban transport).

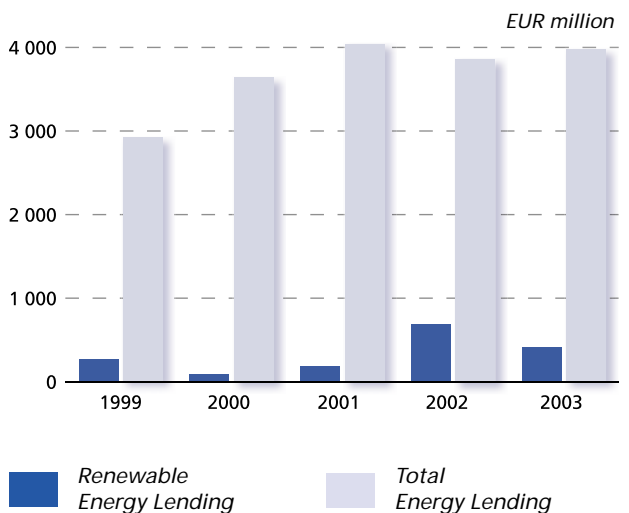
In 2003, 149 environmental projects were directly financed by the EIB with EUR 12.3 billion of individual loans. This amount represents 29% of EIB's overall lending of EUR 42.3 billion (of which EUR 30.1 billion of individual loans). In the enlarged EU-25, environmental direct financing totalled EUR 11.5 billion, i.e. 42% of EIB individual loans (EUR 27.5 billion) granted in the area.

Stronger EIB support for renewable energy

The EIB is giving increased support to encourage renewable energy investment as a contribution to the EU energy policy in general as well as to more specific EU climate

change programme to reduce greenhouse gas emissions, by strengthening its strategy for financing rational use of energy. Examples include loans for combined heat and power generation, energy management systems and industrial efficiency, public transport, and renewable energy sources.

Renewable Energy / Total Energy Lending (1999-2003)



An EIB environmental objective established, at the beginning of 2002 and included in the Corporate Operational Plan for 2004-2006, is to double the share of renewable energy projects from 7% to 15% in overall EIB energy sector financing over the 5 years 2002-2007. This is in line with the EU targets to increase the share of renewable energy (RE) consumption from 6 to 12% and the amount of electricity produced from renewable energy sources to 22% of electricity consumption by 2010.

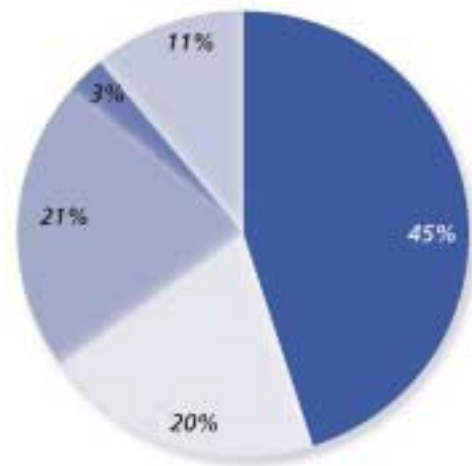
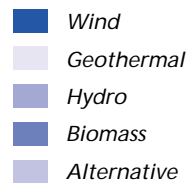
In May this year, the EIB Board of Directors endorsed a target for renewable energy lending to reach up to 50% of the Bank's total financing for new electricity generation capacity in the EU 2008-2010.

During 2002-2003, the EIB made significant progress towards meeting its 15% RE target, in particular because of a surge in wind power development. Renewable energy lending over the period amounted to 14% of the total energy sector lending (EUR 1,100 million – of which 1,063 million in the EU-15 countries – out of EUR 7,839 million), compared with an average of 7.9% in the previous 5 years (1997-2001).

Direct financing for renewable energy projects amounted to EUR 920 million split as follows: - 45% wind, - 20% geothermal, - 21% hydro, - 3% biomass and - 11% other (solar, landfill gas, etc.). In addition, by the end of 2003, a further EUR 925 million of renewable energy projects had been approved by the Board, but not yet signed.



Direct Financing to RE Projects (1999-2003)



Consolidating RE lending

The Bank is also stepping up its financing in the New Member States and Accession countries for renewable energy projects, particularly for investment in the modernisation of hydro-electric power stations and development of the production and utilisation of biomass.

While focusing on technologies that have reached commercial viability, it also intends to expand its lending to a wider range of new and "innovative" technologies such as solar, biomass, wave and tidal power, etc., as well as for research and development of upstream environmental technologies for harnessing renewable energies and energy carriers such as hydrogen.

The EIB is exploring ways to support specialist financial intermediaries equipped with sufficient resources to evaluate and manage smaller-scale schemes in the energy sector and apply agreed selection criteria. This would also encourage investment in the decentralisation of electricity generation.

A growing sector still needing support

The small scale of projects and immaturity of technologies often limits EIB loans for renewable energy sources. The Bank tends to focus on commercially and technically well-developed projects such as hydroelectric and geothermal schemes. In recent years, the EIB has financed an increasing amount of wind-power projects, with the trend in investment moving from smaller to larger-scale installations and from onshore to offshore, particularly in countries such as Germany, Spain, Portugal, Italy and Denmark.

Despite the general increase of investment in the renewable energy sector that can be linked with the legislative framework in place and technological progress, additional efforts are still needed to stimulate further growth in order to meet the EU targets.



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- construction of a coal/bagasse-fired power station in Mauritius
- construction of a new geothermal power station with associated electricity transmission lines and sub-stations in Nairobi (Kenya)
- refurbishment of hydroelectric power stations and construction of wind farms in Scotland (United Kingdom)
- modernisation of a biomass-fired combined heat and power plant in Swiecie, Northern Poland
- construction of a solar module production plant and photovoltaic R&D in Alzenau, Bavaria (Germany)
- extension of production capacity for silicon wafers as base material for photovoltaic cells (Germany)
- study, design, implementation and commissioning of seven wind farms located in Greece
- construction of a biomass-fired combined heat and power plant supplying local utilities in Östersund (Sweden)
- construction of offshore wind farm at Horns Rev, off west coast of Jutland (Denmark)

From 1993 to 2003, the EIB provided more than EUR 2.6 billion in individual loans (76% in the EU-15 and 24% outside) for 54 major projects (30 in the EU and 24 outside) in the renewable energy sector.

Examples include:

- construction of a hydroelectric power station on the River Kitinen and modernisation of 4 other plants on the River Kemijoki in Lapland (Finland)
- construction of a wind farm in the province of Tetuan (Morocco)
- rehabilitation of the generating equipment at the Victoria Falls hydroelectric power plant on the Zambian bank of the Zambezi River

For further information on the subject of the environment, see the EIB's website: www.eib.org or contact:

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