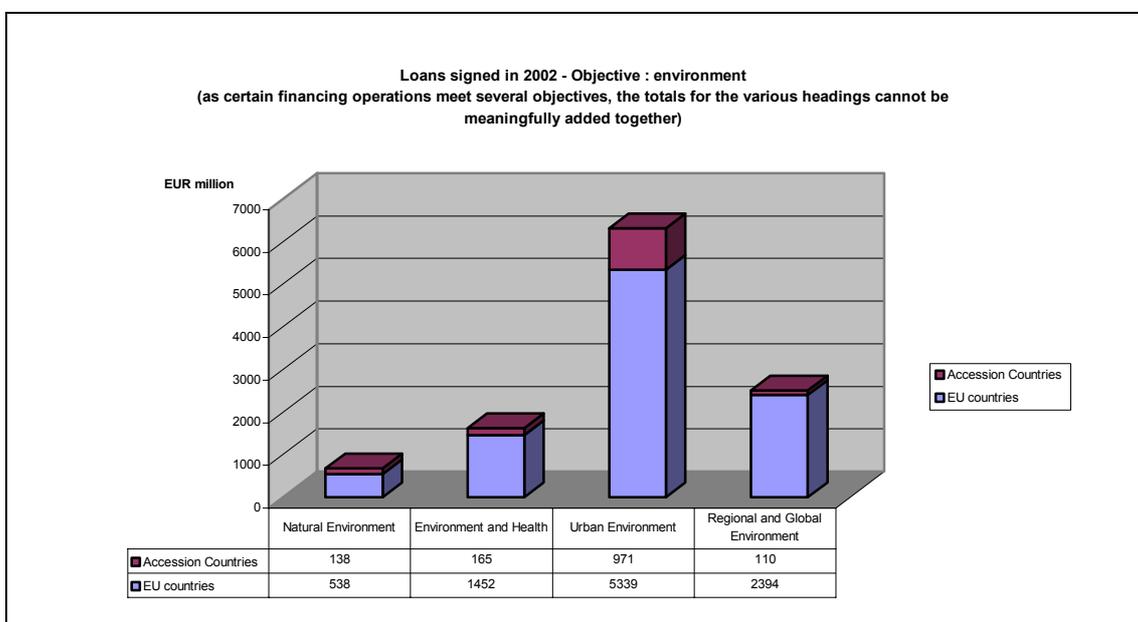


## Environment

### EIB's activity in the environmental field in 2002

EIB's individual loans for environmental projects in the European Union amounted to EUR 9.3 billion in 2002, which is 56% more than in 2001. Another EUR 1.8 billion were advanced for small-scale environmental schemes undertaken by SMEs and local public bodies under global loan arrangements with local partner banks. In the Accession Countries, individual loans for environmental projects totalled EUR 900 million. In the Mediterranean Partner Countries, the environment attracted EUR 60 million, while aggregate environmental lending in ACP countries totalled some EUR 40 million.



### Lending highlights

**European Union:** urban public transport (EUR 2.5 billion) and the water sector (EUR 1.5 billion) attracted a major part of EIB's environmental lending. In the water sector, the Bank helped the Member States to comply with the EU's environmental directives, which are the main drivers of investment in the sector.

**Accession Countries:** flood damage reconstruction schemes following the August floods in Poland, the Slovak Republic and the Czech Republic constituted a priority area of EIB operations, with EUR 460 million loan contracts for Czech repair schemes signed in 2002. The urban environment, including public transport, urban renewal and social housing, also attracted considerable funds (EUR 236 million), as did water and waste water projects (EUR 165 million) and waste management (EUR 100 million). The environmental sector will continue to require increasing levels of investment as countries fall into line with the standards laid down by the EU's environmental directives. The EIB and EBRD are the main lenders together with the EU's ISPA grant aid. Co-financing and a rational deployment of EIB loans and ISPA grants help to mobilize the full potential of the Union's financial instruments and

maximize their funding impact, accelerating the catching-up process in attaining EU standards.

**Mediterranean Partner Countries:** the environment is one of the priority areas of the “Facility for Euro-Mediterranean Investment and Partnership” (FEMIP), launched in October 2002 to promote economic development and political and social stability in the region. Among the tools to promote environmental investment are a 3% interest rate subsidy from the EU budget for EIB loans and the “Mediterranean Environmental Technical Assistance Programme” (METAP), helping identify and prepare environmental projects.

**Western Balkans:** the EIB is involved in post-war reconstruction and is currently widening its financing for vital transport infrastructure to include water and other environmental projects, such as the protection of the Danube river basin and wastewater management in major cities. The Bank is coordinating a key study for the environmental management of the Adriatic Sea and is associated with the Danube and Black Sea Task Force, set up by the European Commission.

**ACP Countries:** finance for environmental projects amounted to EUR 40 million. To promote environmental projects, interest rate subsidies from budgetary resources can be obtained for EIB loans. The “Investment Facility” will provide the EIB with new opportunities to contribute to environmental protection, in particular the achievement of goals defined under the “EU Water Initiative”.

**Russia:** the EIB is financing two water and wastewater schemes in the St Petersburg and Kaliningrad regions within the framework of a special EUR 100 million lending mandate authorized by its Board of Governors, based upon a mandate of the Stockholm European Council (March 2001). In the framework of the “Northern Dimension Environmental Partnership” the EIB and the Russian Federation signed a framework agreement in December 2002 to extend and govern the Bank’s lending in Russia with a focus on environmental projects.

#### **Lending target and policy objectives**

The environment ranks among the EIB’s top operational priorities. Its target is that between a quarter and a third of all direct loans in the European Union and the Accession Countries support environmental projects. The 2002 figures amply met this target with 44% in the EU and 41% in the Accession Countries.

The EIB aims at promoting the European Union’s environmental policies. Recent European Council meetings called on the Bank to help implement new European environmental policies, for instance related to the EU’s commitment to greenhouse gas emissions reduction and, in parallel, promoting renewable energy and the EU’s contribution to the water initiatives launched at the Johannesburg World Summit. In this context, the EIB is involved in the “EU Water Initiative” to help meeting the UN Millennium Goals in water and sanitation.

#### **Cooperation with the Commission**

The EIB and European Commission are key operational partners in the environmental sector, combining their funds particularly in the Accession Countries, the Mediterranean Partner Countries and the ACP Countries. Synergies between the Bank’s loans and the Commission’s grants are crucial for an effective and efficient transfer of funds. In addition, the Bank acts as an adviser to the Commission in the appraisal of Cohesion Fund and ISPA projects.

In May 2002, the EIB and the Commission signed a *Memorandum of Understanding* (MoU) designed to improve the effectiveness and efficiency of working together, in particular between the Bank and DG Environment. The MoU builds upon earlier agreements and experience in the process of consulting the Commission on loan applications, provided for under Article 21 of the EIB’s Statute.

**Environmental Report 2001-2002**

The EIB issued its first Environmental Report on 13 February 2003, describing the environmental resources of the Bank, its approach to environmental issues and its recent environmental lending activity. As the first EIB Report of its kind, it will be the benchmark against which future environmental reporting of the Bank will be measured, as well as the basis for discussion of environmental matters between the EIB and interested stakeholders.

**For further details on the EIB's environmental policies and activities, consult "EIB Sustainable Development and Environment Documents" on the Bank's website [www.eib.org](http://www.eib.org).**