This brief document is prepared by the Arab NGO Network for Development for the public consultation on EIB approach to climate action. ANND believes that the review process taking place in parallel to the ongoing climate negotiations and in preparation for the new agreement in late 2015 is timely. However, ANND sheds light on another critical process, namely the adoption of the post-2015 development agenda and encourages EIB to take its strategic orientations right in time including this process, thus towards sustainable development. Below mentioned points are structured in response to the themes listed in the Consultation document.

**Theme 1. How should the Bank’s climate action lending target evolve over time to reflect global policy development?**

The process for the adoption of new sustainable development goals-post-2015 process- provides a good time for rethinking what role the EIB can play within the revision of development framework. The latter is based on the reality that current framework based on promoting solely economic growth, neo-liberal economic policy choices and trade and investment liberalization, borrowing, expansion of privatization deals and public-private partnerships without safeguards on economic and social rights do not contribute to development indeed result in widespread inequality, poverty, high unemployment levels. In this context, SDGs should not be seen only as a set of technical goals but as tools to transform the development agenda and our global economic and national economies towards sustainable development through which we can achieve environmentally sound production and consumption patterns. The Open Working Group on SDGs by proposing a dedicated Goal, namely Goal 12, on sustainable consumption and production patterns underlined as well that the issue is not merely environmental but should be integrated in the new development framework. Given that the combined wealth of the richest 1 percent will overtake that of the other 99 percent of people in 2016\(^1\), the significance of this Goal becomes more apparent. The EIB lending, not only that of climate action but overall lending should take into account this and reflect new development paradigm. This means climate action should not be considered as of technical solution to only greenhouse gas emissions but rather be a mainstreamed approach supporting the new consumption and production patterns. Thus EIB, alongside other development actors, should put more emphasis on resource efficiency in investments it supports, so as to deliver more output per unit of input, as well as less associated environmental damage.

Moreover, the Bank should ensure that the concept of green economy is not merely used as a rhetoric. The policies of the Bank should ensure that the concept of "the ‘Green Economy’ is approached solely within the context of accepted and consensual definitions and principles of ‘Sustainable Development’ set in the 1992 Rio Summit. The concept of ‘Sustainable Development’, as it emerged from the 1992 UN conference in Rio, had a comprehensive agenda, which extends ‘beyond environmental agreements but are rather legally binding agreements that requires development paradigm shifts in accordance with the principle of common but differentiated responsibilities, that is based on equity and the historical responsibility of developed countries.

Theme 2: Based on its existing business model and taking current market constraints into account, how can the Bank further improve the solutions it is providing to foster more climate resilient low carbon growth, both within and outside the EU? What role should technical assistance and increased channeling of EU grants through the EIB play?

The EIB through Facility for Euro-Mediterranean Investment and Partnership (FEMIP) aims at assisting the economic and social development of the Mediterranean partner countries and through increased channeling of EU grants, has a key role to play in the region. Nevertheless, there are critical issues to be assessed in EIB lending outside EU. First of all, this lending focused on co-financing large-scale infrastructure operations, energy projects aimed at increasing energy security for the EU and private sector development interventions— including the private financial sector in the global South – so that most EIB loans have first benefited European companies and exporters before local communities’ needs.”

In addition, although the Bank has ended its financing for coal projects a lot remains to be done to fully decarbonize the EIBs energy lending, if the Bank genuinely aims to improve the solutions it is providing to foster more climate resilient low carbon growth. Accordingly, the Bank can contribute to bringing in solutions, particularly in fossil fuel usage in the region through contributing to their move away from fossil fuel dependency and by channeling more investments into alternative sources of energy technologies.

Theme 3: Based on its experience with support for venture capital funds, RSFF/InnovFin and NER300, how can the Bank increase its support for European RDI and emerging low carbon technologies? How can energy-intensive industries that invest in innovation addressing lower carbon industrial processes be best supported?

While the Bank’s emphasis is on European RDI and Bank’s support to emerging low carbon technologies, the R&D needs of developing countries and the challenges faced in technology transfer, particularly due to intellectual property rights are apparent and given its mandate EIB can also contribute to facing this challenge.

As mentioned above, within the climate challenge we face globally, business as usual cannot apply in relation to the way production and consumption is made and business as usual cannot apply to the dominant business model of intellectual property either. Developing countries need to get access to technology and be able to use it to curb their carbon emissions and in their fight against climate change. In this regard, EIB support to low carbon technologies should support as well their availability to developing countries encouraging technology transfer and as well developing countries’ ability to use, maintain and adapt it.

Due to implementation of strict intellectual property rights regime, developing countries face challenges of monopolization of technology by developed countries. This creates further restrictions on research in developing countries, slowdowns the pace of innovation and increases the costs of using these technologies by already poor developing countries. All these in turn, add to increasing the knowledge gap and inequalities between the developed and developing countries. Thus, the EIB, in its support to European RDI, should promote the transfer and dissemination of clean and environmentally sound

---

technologies to developing countries as well, highlighting that sustainable development could be achieved only if new technologies are available and accessible to developing countries’ use.

**Theme 4: How can the Bank most effectively support additional private sector investment in low carbon, resource-efficient, climate resilient technologies? What sort of financing structures should be supported to best catalyse private sector finance? Is the current EIB product portfolio appropriate to meet climate finance needs? How can the Bank best employ the joint Commission-EIB blending facilities, innovative financial instruments and advisory services in support of climate action projects?**

While the focus, in line with the consultation process is actually on the role of the additional role private sector can play in climate action, it is important to underline that to achieve sustainable development, private sector should operate within the framework of government regulation and policies; incentives and disincentives so that corporate practices are aligned to environmental, social and developmental objectives. This is particularly important given that in recent history several cases of corporate interest over respect to environment- have actually contributed to climate crisis we face today. In this context, the private sector finance, the PPPs that the EIB is promoting should be critically assessed. It should be well noted that strengthened leverage of private bodies in sectors providing basic services (water, sanitation, energy, transport) could result in violations of the full enjoyment of these rights by the people. Thus the EIB should refrain from financing PPP projects unless legal frameworks that protects the rights of the communities and indicates the responsibilities of each party in the partnership is present.

With regard to blending mechanism, the Bank should promote first full transparency and accountability and ensure that development objectives are the primary objectives of the projects supported in blending mechanisms engaged. Accordingly, within the Juncker Commission investment plan, the EIB has a significant role to play in investments in the EU and outside EU, yet, while the projects listed to be finances are supposed to be economically viable, the numerous projects listed on fossil fuel reliance in the energy sector, large-scale infrastructure, expansion of risky public private partnership schemes (PPP) to sectors like health and education stands problematic.³

**Theme 5: How can the Bank make better use of the project or sector level GHG results to better inform its internal decision-making process? Does the current approach of the Bank, to integrate a price of Carbon into the economic appraisal of a project, adequately reflect issues such as carbon lock-in? How can the Bank further improve the EE and climate resilience of the projects it supports?**

At project level the EIB should ensure that climate action is considered as a transversal. This requires a strict internal policy into the EIB’s decision process concerning the environmental impact of the funded projects and a systematic use of the Environmental Impact Assessment (EIA) tool designed by the EU⁴. The Environmental and Social Impact Assessment (ESIA) of the projects in third countries should include public consultation and stakeholder engagement, yet as given solely to the responsibility of the

⁴ See the directive 2011/92/UE
promoter and the competent authorities, the process’ inclusiveness should be ensured and the EIB should strictly follow EU legislation in its operations, especially outside of the EU. Furthermore, although the EP Directive on EIA, voted on March 2014\(^5\) does not include mandatory environmental impact assessments for the extraction and exploration of shale gas, the EIB should ensure that it does not take any role in the exploration, extraction, transportation and storage of natural gas or shale gas. The latter is less carbon intensive than coal but contradicts with EU’s commitment to a low-carbon economy and the aim of almost full de-carbonization of the power sector by 2050.

**Theme 6: Building on its strong institutional position, how can the Bank improve its outreach on climate action issues to civil society, think-tanks, academia, and business community?**

Prior to this consultation on the climate action, the EIB launched a consultation process on its Transparency policy and indeed ensuring full transparency and accountability is principal for the Bank to improve its outreach on climate action. While the projects implemented by the EIB both in the EU and outside EU should meet local and EU standards in terms of environmental and social issues; this requires an in-depth consultation with all relevant stakeholders on possible social and environmental impacts of the engagement. Local population, especially those that are directly impacted (i.e. farmers, rural population) must be consulted to assess the impacts in depth. The consultation process must be participatory, transparent and inclusive. This would as well prevent mis-categorization of the projects.

**Theme 7: How could the Bank continue to develop its leadership and collaboration with other multilateral development banks and international financial institutions to better support the international climate finance debate and negotiations? What partnerships should the Bank develop in mobilizing the UN-pledged USD 100bn annually by 2020 to support technical assistance and funding for mitigation and adaptation projects in low and middle-income countries?**

An analysis completed by South Center on developing countries climate change financing requirements reveal that the pledged USD 100bn annually indeed is far from the real needs. The analysis reveals the underestimation made and points that “total adaptation and mitigation financial requirements of developing countries could well add up to at least $1,000 billion a year. This does not include costs of preparing national communications, scientific development, data collection, building institutions to address climate change, education and training and other aspects of capacity building”\(^6\).

In this context, in order to better support the international climate finance debate and negotiations, the EIB should promote adherence to UNFCCC Article 7, namely “the extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.”

---
