

EIB'S ENVIRONMENTAL ACTIVITIES IN 2003

A record year: in 2003, individual loans of the European Investment Bank (EIB) for investment projects driven by environmental considerations totalled EUR 12.3 billion. With EUR 10.7 billion of individual loans within the European Union and EUR 811 million in the Accession Countries going to environmental projects, the Bank's operational target of devoting between 30% and 35% of all individual loans in these regions for environmental projects was more than met¹. In the Mediterranean Partner Countries and the Balkans, EUR 677 million of total individual loans were advanced for environmental schemes and another EUR 25 million in Russia. In the ACP (Africa, Caribbean and Pacific) Countries, EUR 54.5 million went to environmental projects, at the same time contributing to the Bank's overarching goal of promoting sustainable development in these countries.

Renewable energy: the Bank met its target of doubling financing of renewable energy projects as a proportion of its total energy sector financing (from 7% to 15%). A large proportion came from operations in the wind power sector. The EIB is seeking to consolidate this positive result and will further develop its operations in other renewable energy areas as well.

Climate change: at the 9th Conference of Parties (COP) of the Kyoto Protocol in Milan in December 2003, EIB President Philippe Maystadt presented the Bank's new actions to support the EU's climate change policy. Key are an EUR 500 million "Dedicated Financing Facility" in support of European businesses participating in the EU Emissions Trading System (2005) and a "Technical Assistance Facility" to provide conditional grant finance in the framework of the "Joint Implementation" and "Clean Development Mechanism" of the Kyoto Protocol. EIB participation in a carbon equity fund to invest in carbon credits is also being explored. The EIB, who has been working on climate change for several years in co-operation with the European Commission, is now again working closely with the Commission in developing and implementing its new actions, as well as with other parties specializing in carbon markets.

Cooperation with the Commission: synergies between EIB loans and EU grant financing are crucial for an effective and efficient transfer of funds. The Bank and the European Commission are operational partners in the environmental sector, combining their funds particularly in the Accession Countries, the Mediterranean Partner Countries and the ACP Countries. Bank staff also acts as advisers to the Commission in the appraisal of Cohesion Fund and ISPA projects.

EIB's role in international environmental initiatives: the Bank is supporting the EU Water and Renewable Energy Initiatives to help achieve the UN Millennium Development Goals. It also plays a role in various European regional environmental initiatives in the Baltic, Mediterranean, Danube and Black Sea regions. Its role in the Northern Dimension Environmental Partnership (NDEP), which is to co-ordinate and accelerate the implementation of environmental and nuclear projects in Europe's Northern region, in particular in North West Russia and in Kaliningrad, deserves mentioning as the EIB chairs the NDEP Steering Group for the period July 2003/2004.

¹ The target is incorporated in the Bank's Corporate Operational Plan (COP), which ranks environmental protection and improvement among EIB's main operational priorities.

Environmental lending breakdown and highlights

Environment – Individual loans in 2003	Total (EUR million)
Natural environment	919
Environment and health	1778
Urban environment	7571
Regional and global environment	2625
Total individual loans	12 329²

Some lending highlights:

- EUR 3.3 billion went to urban transport projects, including metro and light rail systems throughout the EU.
- A considerable number of social housing projects were supported throughout the EU, for instance in Belgium (Flemish region), Germany (Sachsen), Spain (Cataluña), Italy (Rome), Austria (Vienna), Portugal, and the United Kingdom (Glasgow).
- The EIB established, in Germany, a global loan agreement with a particular focus on the renewable energy sector to support wind power, geothermal, small-scale hydropower, solar energy as well as biomass schemes.
- The EIB provided reconstruction financing to counter damage caused by natural disasters in various countries: an aggregate EUR 1.2 billion for reconstruction programmes in several Italian regions and cities struck by natural catastrophes in late 2002/early 2003 and another EUR 84 million for regions in the north of the country, which were hit by floods in 2000; reconstruction measures following the August 2002 floods in Central European Member and Accession Countries, including EUR 155 million for repairs to the Prague metro network in the Czech Republic and EUR 50 million for landslide protection schemes in Poland; EUR 150 million for earthquake rehabilitation and reconstruction in regions in Turkey devastated by the August 1999 disaster; and EUR 230 million for infrastructure reconstruction and repair in areas hit by the earthquake on 21 May 2003 in Algeria.
- The EIB granted EUR 180 million finance to help relieve the damage caused by the oil slick from the tanker “Prestige” in Galicia, Asturia and Cantabria in Spain.
- The Bank provided its first ever loan for an environmental project in the Western Balkans with an EUR 27 million loan for water infrastructure in 5 Albanian municipalities.
- The Bank signed a EUR 25 million loan contract for wastewater management in St Petersburg, its first lending operation in the Russian Federation.

² As certain projects meet several sub-objectives, the various headings cannot meaningfully be added together.