

**Annual Press Conference 2007****Briefing Note No 05****The Bank promoting European objectives**

Luxembourg, 8 February 2007

**Promoting EU's environmental policy****EU policy objectives**

Based on the four key areas of the 6<sup>th</sup> Environment Action Programme "Environment 2010: our future, our choice" and on the Commission's new Urban Environment strategy, the EIB uses five areas of interest for its environmental lending: tackling climate change, protecting nature and wildlife, addressing environmental and health issues, preserving natural resources and managing waste, and improving the quality of life in the urban environment.

EU Kyoto Protocol target of cutting greenhouse gas emissions by 8% over 1990 levels by 2008-12 has remained the principal policy priority in 2006.

As new thematic strategies are developed for the next generation of EU environmental policy, the EIB will support these wherever possible through its environmental lending framework.

**Policy background**

The EIB has three main objectives for defining its environmental responsibility. The first and most important is that it ensures that the projects that it finances are compliant with EU environmental principles and standards, enshrined in the European Principles for the Environment (EPE) (see [www.eib.org/epe](http://www.eib.org/epe)).

The second main objective is that the Bank promotes projects that protect or improve the natural and built environments and foster social well-being in the interests of sustainable development. The EIB applies a relatively broad definition of the term "environment" to cover the natural environment, and the human living and working environment as well as a number of social aspects. Provided that the projects are economically, technically and financially viable, the EIB supports specific environmental investments that focus on the five areas of activity explained above.

The third objective is for the Bank to assume environmental responsibility for its "corporate environmental footprint". The EIB works continuously to improve the environmental performance of its buildings and the housekeeping of its offices. The main areas of activity are improving energy efficiency, collecting and recycling waste streams and gradually introducing environmentally responsible procurement, as part of an integrated environmental management system.

**Trends, highlights, new developments**

A number of improvements were made in 2006 and are currently being implemented:

- Completion and approval of an updated set of internal guidelines on environmental and social assessment and rollout of an environmental and social awareness raising programme within the EIB;
- Completion and approval of new Social Assessment guidelines, "Taking Social Issues into Account in Projects outside the EU";
- Official launch of two carbon funds, the Multilateral Carbon Credit Fund jointly sponsored by EIB and EBRD, and the Carbon Fund for Europe jointly sponsored by EIB and the World Bank;
- Enlargement of the Climate Change Financing Facility (which provides long-term loan finance to EU companies participating in the Emissions Trading Scheme, and to companies operating outside the EU developing Joint Implementation and Clean Development Mechanism projects) and making the Climate Change Technical Assistance Facility fully operational (in order to facilitate carbon credit development);

- Signature of first Memorandum of Understanding between the EIB and an NGO, World Conservation Union (IUCN), the world's largest conservation network;
- Official launch of the European Principles for the Environment (EPE), by EIB, EBRD, NIB, NEFCO and CEB, with the support of the European Commission and its Directorate-General for Environment (DG ENV).

The priorities for the period 2007-2009 include the following environmental objectives:

- To develop a new Environmental Policy Statement in 2007 for release in 2008;
- To promote the JESSICA initiative (see briefing note on Economic and Social Cohesion) in the area of Urban Environment – Sustainable Cities;
- To achieve an environmental lending at 25-30% of the EIB's overall lending activity;
- To achieve an annual target of EUR 600m-800m for Renewable Energy (RE) projects with 50% of EIB lending to electricity generation associated with RE technologies. The 2007 EIB forum will be held in Slovenia on 27-28 of September on the theme "Investing in energy – mastering climate change".

## Results of the year

In 2006, the European Investment Bank signed loan agreements for 96 environmental projects, amounting to EUR 10.9bn, which represents 23.7% of its total lending.

The EIB financed a wide variety of activities, including renewable energy projects in the EU, programmes for environmental infrastructure improvements also supported by EU funds, and water and sanitation programmes in the Mediterranean, African, Caribbean and Pacific countries.

The bulk of environmental lending went to EU countries: in 2006, the EIB provided direct financing for 78 environmental projects for a total of EUR 9.6bn in the European Union. In the Acceding (Bulgaria and Romania) and Accession (Croatia and Turkey) Countries, the volume of environmental protection lending was EUR 785.6m of total lending. In the Mediterranean Partner Countries, EUR 325m in individual loans was advanced for environmental schemes. A further EUR 93.8m went to environmental projects in the Sub-Saharan African countries, and EUR 5m in Montenegro, all contributing to the Bank's overarching goal of promoting environmentally sustainable development in the partner countries.

## Key projects

### ANDASOL Solar Thermal Power (Spain)

The project is the first large scale application of a concentrating solar thermal power generation plant in EU. The plant will have a capacity of 50 MW<sub>e</sub>, to be developed in a wide valley north of the Sierra Nevada, some 60 km south-east of Granada in Spain. The area benefits from relatively high annual average solar radiation, availability of groundwater for cooling and ready access to the high voltage electricity grid. The project is based on a new generation of parabolic solar through technology that has been tested at a facility in the Mojave desert in California, USA. The project promotes EU energy policy by the use of indigenous renewable energy and contributes to energy security and national and EU efforts to combat climate change.

### Maputo Water Supply (Mozambique)

The EIB supported improvements to the Maputo Water Supply serving the Greater Maputo area of 1.7 million inhabitants. In this area 48% of the population lives in absolute poverty and only 40% has access to adequate drinking water. The project will expand the water supply in the poorer areas on the outskirts of town (so-called "peri-urban areas") with the support of small local private operators, in order to extend services to an additional 580 000 people. By significantly augmenting the population that has access to safe drinking water, the EIB project contributes to the achievement of Mozambique's Millennium Development Goals (MDG) on water, health and poverty eradication, which are central to the country's Poverty Reduction Strategy.

## Cooperation with the European Commission, EIF, other partners

The European Commission has set out a vision for co-operation to clean up the Mediterranean. This initiative, known as Horizon 2020, is building a coalition of partners to implement a number of activities, including the EIB. Under the Facility for Euro-Mediterranean Investment and Partnership, the EIB will focus on the first component (to reduce the most significant sources of pollution) and create a pipeline of bankable investment projects, in close cooperation with the World Bank and the United Nations Environment Programme (UNEP)/ Mediterranean Action Plan (MAP) and the European Commission Environment Directorate-General (DG ENV).

In addition, as mentioned above, the Bank has launched two carbon funds in cooperation with the EBRD and the WB as well as the EPE initiative agreed by the EIB, EBRD, NIB, NEFCO, and CEB, endorsed by the European Commission and its Directorate-General for Environment.

*For further information on the EIB, visit its website [www.eib.org](http://www.eib.org).*

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