



Environmental sustainability

The protection of the natural habitat and the commitment to balanced development are at the core of the EIB's activities. The Bank has applied a broad definition of the term "environment" to include a number of related economic and social issues, and these are now being given greater attention as the general approach of the Bank evolves into a more holistic treatment of the interrelated environmental, social and economic strands of sustainable development. The European Investment Bank promotes environmental sustainability in support of EU policy on sustainable development. The general approach of the Bank in this regard is described in its "Environmental Statement" and "The EIB and its Contribution to Sustainable Development".

The EIB has three main objectives for defining its environmental responsibility:

The first and most important is that it ensures that the projects it finances are compliant with EU environmental principles and standards in support of EU policies.

The second main objective is that the Bank should promote projects that protect and improve the natural and built environments and foster social well-being in the interests of sustainable development. All projects must be economically, technically and financially viable, as well as environmentally sustainable. The EIB supports specific environmental investments that focus on climate change, protecting nature and biodiversity, dealing with the links between the environment and health, and promoting the sustainable use of natural resources and management of waste.

The third objective is for the Bank to assume environmental responsibility for its "corporate environmental footprint". Although the Bank's footprint in this sense does not have the same magnitude as its footprint from financing projects, the EIB works continuously to improve the environmental performance of its buildings and the housekeeping of its offices.

The EIB is guided by EU environmental policy, including EU environmental law. EU environmental policy is set out in the Sixth Environmental Action Programme (EAP) "Environment 2010: our future, our choice". The main areas for urgent action are climate change, protecting nature and bio-diversity, dealing with the links between environment and health and promoting the sustainable use of natural resources and management of waste.

Trends, highlights, new developments

A number of improvements were identified in 2007 and are currently being implemented. These include:

- The approval and publication of the EIB's "Environmental and Social Practices Handbook".
- Approval of updated Social Assessment guidelines, "Taking Social Issues into Account in Projects outside the EU".
- In 2007 the five signatory banks¹ decided to further develop the concept of European Principles for the Environment (EPE) by preparing a single reference document containing EU environmental legislation, principles and standards most relevant to the projects the EPE banks are financing.
- In 2007 the Bank established carbon funds with the EBRD, the World Bank and KfW.
- Further integration of environmental considerations into energy and transport sector lending policies.
- The Development Impact Assessment Framework (DIAF), which has been renamed the Economic and Social Assessment Framework (ESIAF) and was modified in 2007 in order to better meet the requirements of each individual mandate, aims at measuring the Bank's value added in the implementation of its external mandates.
- The Memorandum of Understanding with the World Conservation Union (IUCN)

¹ Council of Europe Development Bank (CEB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Nordic Environment Finance Corporation (NEFCO) and Nordic Investment Bank (NIB).

Results for the year

In 2007, the European Investment Bank signed loan agreements for 110 environmental projects, amounting to EUR 14.6 billion, which represents 31% of its total lending. The EIB finances a wide variety of activities, including renewable energy projects in the EU, programmes for environmental infrastructure improvements supported by EU funds, and water and sanitation programmes in the ACP countries. The Bank also provides finance through financial intermediaries for smaller projects which may also be dedicated to environmental objectives or contain environmental components.

Environmental individual loans in the EU

The bulk of environmental lending goes to EU countries: in 2007, the EIB provided direct financing for 98 environmental projects for a total of EUR 13 billion in the European Union, equivalent to 40% of the overall individual lending total in the EU over that period. This is fully in line with the COP objective for environmental lending of 30-35% of the EIB's overall lending in the EU. These figures do not include environmental components of projects where the overall objective is not directly related to the environment. This component is currently not recorded by the Bank.

Environmental individual loans in Accession and Partner Countries

In the Accession Countries the volume of environmental protection projects was EUR 628 million. In the Mediterranean partner countries, EUR 120 million in individual loans was advanced for environmental schemes. A further EUR 141 million went to environmental projects in the ACP countries, EUR 560 million to two projects in Asia, EUR 103 million to projects in the Balkans and EUR 27 million to Latin America, all contributing to the Bank's overarching goal of promoting environmentally sustainable development in the partner countries.

Some examples of "significant" projects

Solucar Solar Thermal Power project

The Solucar Solar Thermal Power project is closely aligned with EU energy policy to promote the use of indigenous renewable energy and thus contributes to both national and EU efforts to combat climate change. The EIB provided EUR 50 million to the project, which includes the construction and operation of two grid-connected solar power plants about 20 km west of Seville, in Spain. The plants have capacities of 11 and 20 MWe, and use solar concentration technologies with tower-mounted thermal receivers. The location of these plants benefits from one of the best solar resources in Europe, access to river water for cooling and ready access to high-voltage transmission lines nearby.

HVC Alkmaar Biomass, Netherlands

The Bank financed with EUR 14 million the construction of a solid biomass combustion unit next to an existing incineration plant. The biomass combustion unit will provide treatment capacity for construction and demolition waste wood, non-compostable wood fraction from green waste, bulky refuse delivered at bring sites, and wooden packaging material and pellets. The project contributes to meeting the renewable energy targets of the Netherlands and to achieving the national objectives for electricity produced from renewable energy sources set out in EU Directive (2001/77/EEC). The project will further support the reduction targets for biodegradable waste going to landfills, as set out in the Landfill Directive (99/31/EC).

Manila Water Company Project, Philippines

In 2007, the Bank provided EUR 60 million to the Manila Water Company for the expansion and improvement of water source and water distribution projects. Manila Water is a domestic publicly listed company that operates a water concession on the eastern side of Metro Manila, in the Philippines. Over the past 10 years, Manila Water has managed to significantly improve the water services to more than 5 million customers in the East Zone of Metro Manila.

For further information on the EIB, visit its website www.eib.org.

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