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Corporate Responsibility Developments in 2009





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Technical Annex to the Activity and Corporate Responsibility Report







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President's introduction

Delivering record lending in a tough period

2009 was a turbulent year and I am proud that our staff lived up to the challenge of doing more, better and faster. Over the last year, the EIB supported the European economy with unprecedented lending of EUR 79bn. In short, we more than delivered on the objectives given to the Bank by its shareholders, the EU Member States.

How we delivered

Recognising the severe impact of the crisis early and responding quickly was critical for the European Union, and the Bank played a significant role in addressing the credit shortage in the market. That said, it is clear that the Bank has always financed and will continue to finance only economically viable projects or programmes. The projects have to contribute to the objectives of the European Union and meet our technical and economic as well as our social and environmental standards. Therefore, a tremendous effort was made to speed up the preparation, review and, where necessary, modification of project proposals in order to secure the approval of the Bank's management and Board for an increased number of projects. In 2009, the Bank not only signed projects worth EUR 79bn but also

disbursed EUR 54bn into the real economy – money made available to public authorities, industry and ultimately citizens to help them meet the challenges posed by the financial and economic crisis.

The Bank was also instrumental in safeguarding important projects that would otherwise not have been carried out owing to the difficult economic circumstances in areas such as infrastructure or innovation.

Three priorities were set

The European Council mandated the EIB to undertake additional activities in three specific areas: small and medium-sized enterprises (SMEs), convergence regions and the fight against climate change.

SMEs

SMEs, the sector considered to be the backbone of the economy and an important provider of jobs, benefited in 2009 from the availability of EUR 12.7bn in new credit lines that local intermediary banks manage for onward lending to small businesses. We combined this with an effort to make more than 75% of the total of EUR 21bn of financial support



that we signed in both 2008 and 2009 fully available to banks by the end of 2009. In turn, this enabled more than 50 000 SMEs to draw on almost EUR 15bn of EIB finance in 2009. During a severe credit crunch, this provided much-needed financial support that was not available on the market.

Convergence

Lending to the economically weaker regions in Europe (convergence regions) amounted to EUR 29bn, representing 41% of total EIB lending in the EU, and was evenly distributed between the EU-15 and EU-12 new Member States, with the latter receiving an aggregate amount of EUR 12.8bn. The EIB also provided important technical assistance to convergence regions to prepare projects for financing in areas such as infrastructure and energy or for environmental improvements.

Climate change

The fight against climate change resulted in almost EUR 17bn in loans for projects contributing to a reduction in greenhouse gas emissions, including renewable energy (EUR 4.2bn) and energy efficiency (EUR 1.5bn) schemes, R&D for cleaner transport (EUR 4.7bn), investment in urban transport (EUR 5.5bn) and projects outside the EU addressing climate change issues.

Playing our role in the world

With almost EUR 9bn in lending outside the EU, the EIB provides significant financial support to the EU partner countries under the “external mandates” decided by the Council and the European Parliament. We actively pursued opportunities for joint action plans with other multilateral development banks, creating synergies not only in our financing activities in certain parts of the world but also in meeting important global challenges such as climate change.

Looking ahead

The new “EU-2020” initiative provides the European Union and Member States with a framework for

making a full recovery from the crisis while accelerating the move towards a more competitive economy. We must address the structural weaknesses of the European economy and the macroeconomic challenges that have increased with the crisis.

In this context, the EIB will develop its activities in line with the three proposed priorities of the EU-2020 strategy: smart growth, sustainable growth and inclusive growth. We will offer innovative financing solutions. In particular, we will work in close cooperation with the Commission on proposals to improve the leverage of EU budget resources and EIB Group finance.

Apart from its financial expertise, the EIB also draws on the knowledge of business analysts and sector economists, engineers, environmental and social experts, urban planners and climate change specialists. These experts account for a significant part of the staff recruited in the last five years; they help develop new lending policies, provide technical assistance to promoters and monitor the implementation of complex projects.

The year ahead will not be any easier, but I am confident that our organisation and our staff will rise to the challenges. The EIB has always dedicated its efforts to supporting EU policy objectives – inside as well as outside Europe’s borders. We shall continue to do so by deploying our lending and technical assistance capacity to the benefit of EU citizens.

Philippe Maystadt

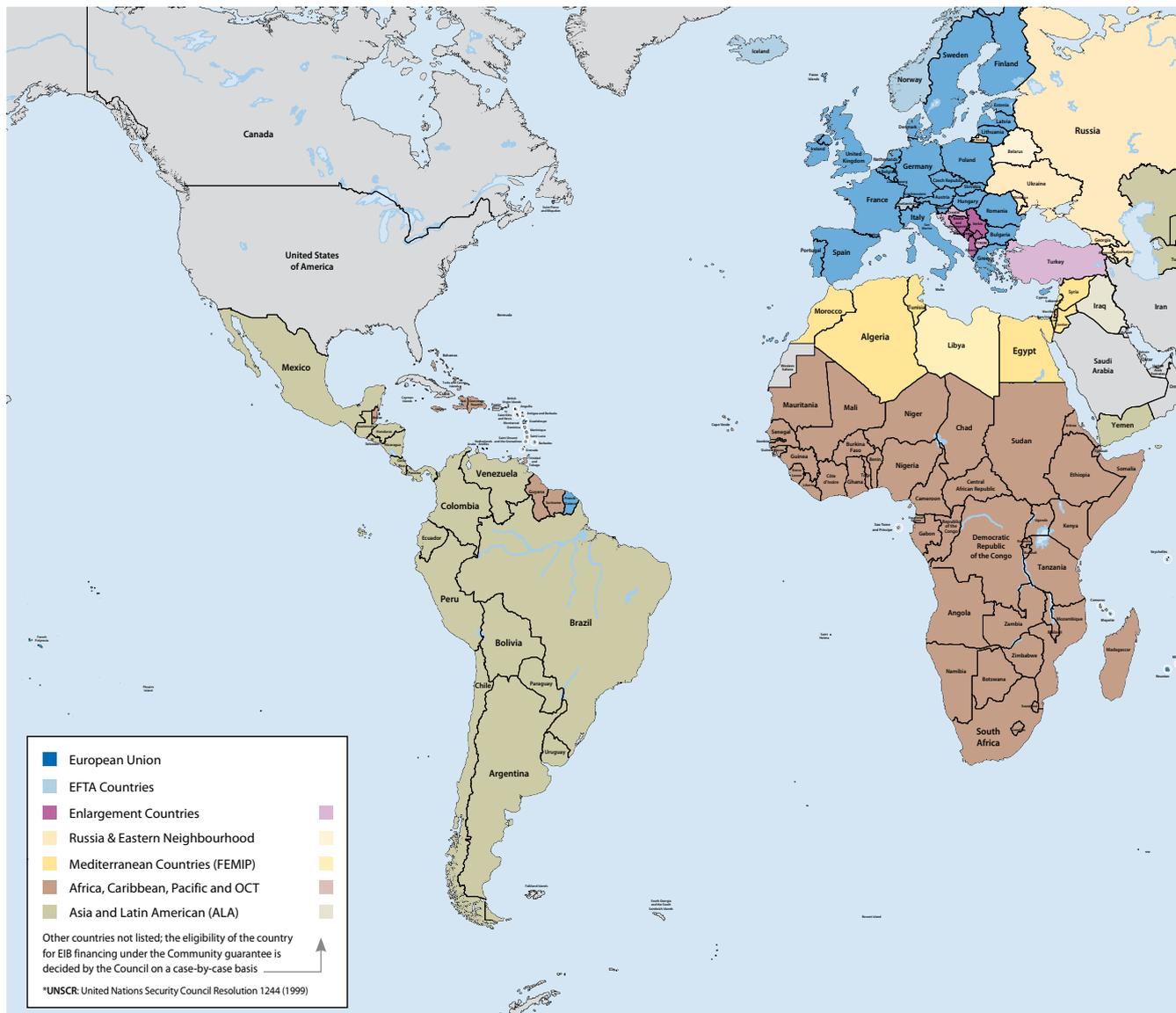
EIB Group presentation

The EIB Group is composed of the European Investment Bank (EIB) and the European Investment Fund (EIF).

is to contribute towards the integration, balanced development and economic and social cohesion of the EU Member States.

The European Investment Bank was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union. The task of the Bank

The EIB raises substantial volumes of funds on the capital markets which it lends on favourable terms to projects furthering EU policy objectives. The EIB





continuously adapts its activity to developments in EU policies.

Besides supporting projects in the Member States, its main lending priorities include financing investments in future Member States of the EU and EU partner countries.

The EIB operates on a non-profit maximising basis and lends at close to the cost of borrowing. The Bank's consistent AAA rating is underpinned by firm shareholder support, a strong capital base, exceptional asset quality, conservative risk management and a sound funding strategy.

The EIF is a Community body and member of the EIB Group. 62% of its capital is owned by the EIB, 29% by the European Union and 9% by a number of European financial institutions.

The EIF provides risk finance cover to intermediaries for the benefit of small and medium-sized enterprises (SMEs). It operates primarily as an investor in the equity of venture capital and private equity funds and as a guarantor to financial institutions for SME financing.

✔ Statements validated by the auditors

✔ Indicators validated by the auditors



Key lending figures 2009 (amounts signed)

	EUR m
Convergence in the EU	
Communications infrastructure	8 840
Energy	4 365
Urban development	1 682
Water, sanitation, waste	2 128
Health, education	1 007
Industry	3 836
Other services	1 771
Total individual loans	23 630
Credit lines (ex-ante estimate)	5 420
Knowledge economy	
Innovation and ICT infrastructure	6 419
Education and training	2 530
Research and development	8 605
Total loans	18 235
Protection of the environment and sustainable communities	
Protection of the environment	15 057
Tackling climate change	6 124
Natural resources management	1 444
Improving the environment and health	7 490
Sustainable communities	10 231
Urban renewal and regeneration	2 685
Sustainable transport	6 509
Health care	1 037
Total individual loans	25 288
Trans-European Networks (TENs) in the EU and Pre-Accession Countries*	
Transport	11 882
Energy	2 012
Total loans	13 894
SMEs in the EU	
Total loans	12 675
Energy in the EU and Pre-Accession Countries	
TEN-E	2 012
Priority energy projects (excluding TENs)	12 225
Total loans	14 238
Support for EU development and cooperation policies	
South-East Europe	4 340
Eastern Europe, Southern Caucasus and Russia	233
Mediterranean countries	1 593
ACP/OCTs	863
South Africa	280
Asia and Latin America	1 288
Total loans	8 597

(*) Pre-Accession Countries include:

- (1) Candidate Countries (Croatia, Turkey, the Former Yugoslav Republic of Macedonia) and
 (2) Potential Candidate Countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under
 United Nations Security Council Resolution 1244 (1999))



1 - The EIB and Corporate Responsibility (CR)

Highlights in 2009:

- Review of Transparency Policy
- New sub-section on corporate responsibility on the website
- Creation of a CR performance indicator



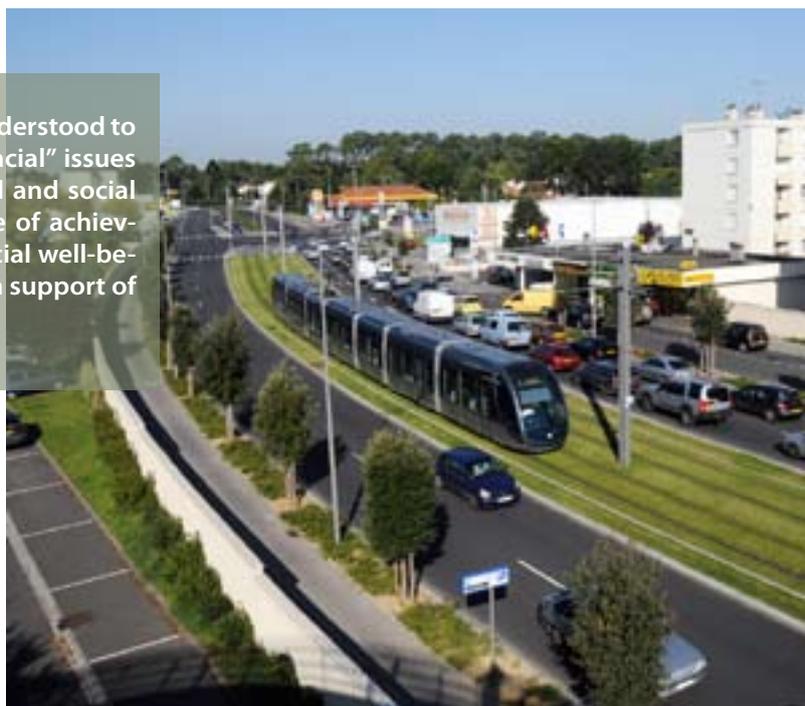


Why do we talk of CR within the EIB?

At the EIB, Corporate Responsibility (CR) is understood to be a set of the “less-tangible” or “extra-financial” issues covering governance, ethical, environmental and social aspects. The EIB emphasises the importance of achieving a balance between economic growth, social well-being and the protection of the environment, in support of the goal of sustainable development.

The EIB promotes Corporate Responsibility through its mission and activities in the service of the European Union, through the way these are implemented and through internal management. In order to reach out to society at large, it takes voluntary action, over and above compliance with legal requirements, and consistently adapts its policies, standards and procedures to integrate corporate responsibility issues into its day-to-day activities. The EIB's efforts in these areas reflect the great importance attached to the business contribution to sustainable development goals. The EIB acknowledges the direct impact on its customers, suppliers and employees as well as the environmental impact of its facilities. As a financial institution operating in a modern economy, the Bank is also aware of the possible major impacts of its investment decisions, and the way they may affect the global challenges of our society.

Therefore, satisfying environmental and social criteria has been an important aspect of all EIB lending for many years. In this respect, EIB-financed projects have to meet three criteria: they must comply with EU environmental and social principles and standards in support of EU policies; they should protect and improve the natural and built urban environments and foster human well-being in the interests of sustainable development; and, insofar as possible, they should have a minimum



environmental footprint, consistent with the project's purpose.

The Bank has also for many years adopted the position that some investments should be made precisely because they improve the quality of the environment as well as the sustainability of the associated communities – whether this be in the area of climate change, water quality, waste management, urban living, transport, etc. Accordingly, the Corporate Operational Plan (COP) for the period 2010-2012 sets an overall target for lending activity in the area of ‘environmental protection and sustainable communities’ of 25-30% of total lending.

The fight against climate change has also gained momentum in recent years and as a result a new climate change indicator has been developed and included for the first time in the COP 2010-2012, to report on projects supporting climate change mitigation and adaptation. ✓ Indicative targets ranging from

20 to 25% of total lending for the period are also included.

The EIB is also one of the largest players in the international capital markets and therefore has a duty to act responsibly in that field by trying to combine investors' financial objectives with concerns that may encompass one or more of the following: social, environmental, ethical or corporate governance issues. Hence, it was the first multilateral financial institution to issue a "climate awareness" bond. The EIB also uses its financial power to develop national financial markets, notably exploring all possibilities to raise funds in local currencies in countries where the EIB is often the first issuer in its asset class to enter such markets.

Furthermore, environmental and social impacts resulting directly from the Bank's activities, although smaller, cannot be neglected. The EIB therefore applies a number of measures that aim to reduce the environmental impact of its own facilities.

As far as the staff are concerned, the EIB seeks to act as a caring and considerate employer in order to maximise its staff members' potential. In this context, it strives to meet the needs of its staff by developing and modifying policies and procedures in order to reflect best practice.

Presentation of the Bank's CR strategy and main objectives

The Bank's high-level Corporate Responsibility policy embodies its added value, transparency and responsibility strategy and takes account of sustainable development issues. The notion of sustainable development is founded on the conviction that mankind should control its own development in order to preserve natural resources and natural balances.

The EIB has a duty to adopt a robust CR framework and appropriate performance measures to be integrated in all areas of activity. In doing so, it will be better able to achieve its strategic goals and fulfil its mission of furthering the policy objectives of the European Union by financing viable and sustainable investments.

In this context, a specific performance indicator for CR was introduced in the Corporate Operational Plan (COP) 2009-2011 for the first time. ✓ The use of such an indicator means that an annual target is set for the 3-year period of each COP and requires an annual update of the CR review to check performance against targets.



2008 scores			2009 scores		
Human resources	3-	→	Human resources	3	↗
Human rights	2+	↗	Human rights	3-	↗
The EIB's environmental footprint	3-	↗	The EIB's environmental footprint	3-	↗
Business behaviour	3-	↗	Business behaviour	3-	↗

This indicator is based on the results of a CR review performed by a non-financial rating agency. The original aim of the review was to provide an external analysis of the EIB's corporate responsibility policies and their integration into the Bank's operations and to evaluate the relevance of the EIB's policies, the consistency of their implementation and the results achieved.

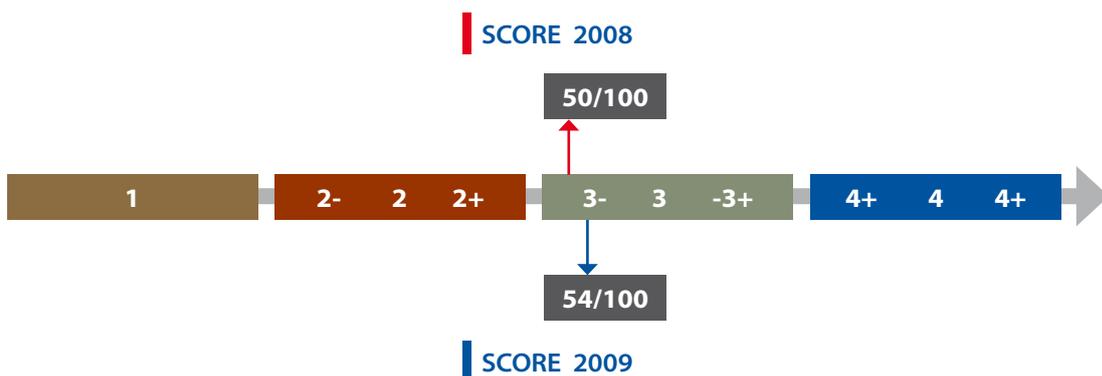
Four areas were retained for analysis: respect for human rights (applied to its own activities), quality of human resources management, business behaviour (including environmental and social issues) and the EIB's internal environmental footprint. For each of these areas, a different number of criteria were evaluated with respect to the level of commitment and risk control by the Bank, based on an analysis of each managerial system component. In total, 17 criteria were thus evaluated taking into consideration their relevance to the activity of the EIB.

The results of the review also include a mapping of the evaluation for each of the four areas, a list of strengths and areas for improvement and a cross-sectional analysis of performance and general conclusions.

The rating of the four areas (1 is the lowest and 4 the highest score) in 2008 and 2009 showed some progress, notably in the human rights and human resources areas.

The result of this indicator as at end-2009 was 54%, exceeding the 2009 COP target of 52% and the end-2008 result of 50%.

As a further result of this CR review and based on the major areas for improvement highlighted, an action plan is being prepared as well as a CR scorecard that will determine more detailed objectives and indicators for the different areas of activity.



A responsible mandate



As the financing bank of the European Union, set up by the Treaty of Rome, the EIB's future is naturally tied to changes in the EU's legal foundations.

The policies that the EIB supports are defined by the Treaty and the means it has at its disposal to fulfil its objectives are laid down in a Statute, annexed to the Treaty. The Treaty of Lisbon, which took effect on 1 December 2009, brings major changes to both EU policy objectives and the way the Bank works to support them.

The new Treaty gives the EU a basis for a common energy policy, formalises a European space policy and redefines the objectives of economic cooperation and development policy – areas where the Bank is already active.

The Treaty also gives the Bank greater flexibility in its financing activity, simplifies the way it takes decisions, strengthens oversight of its accounts and opens the way for new types of financial and non-financial support and an expansion of technical assistance to countries and project promoters.

The EIB's priority strategic objectives for lending in the European Union and Pre-Accession (Candidate and Potential Candidate) Countries reflect EU policy objectives and focus on six specific areas:

- Economic and Social Cohesion and Convergence
- Implementation of the Knowledge Economy (previously known as the Innovation 2010 Initiative – i2i)
- Development of Trans-European Networks (TENs)
- Protecting and Improving the Environment and Promoting Sustainable Communities
- Support for SMEs
- Supporting Sustainable, Competitive and Secure Energy

In line with the external mandates and the revised Cotonou Partnership Agreement, the lending objectives for regions outside the EU in which the Bank operates are pre-accession support, private sector development, financial sector development, infrastructure development, security of energy supply, environmental sustainability and support for EU presence. Activities in Pre-Accession Countries support both EU priority lending objectives and the objectives of the external mandates.



Reporting on Corporate Responsibility

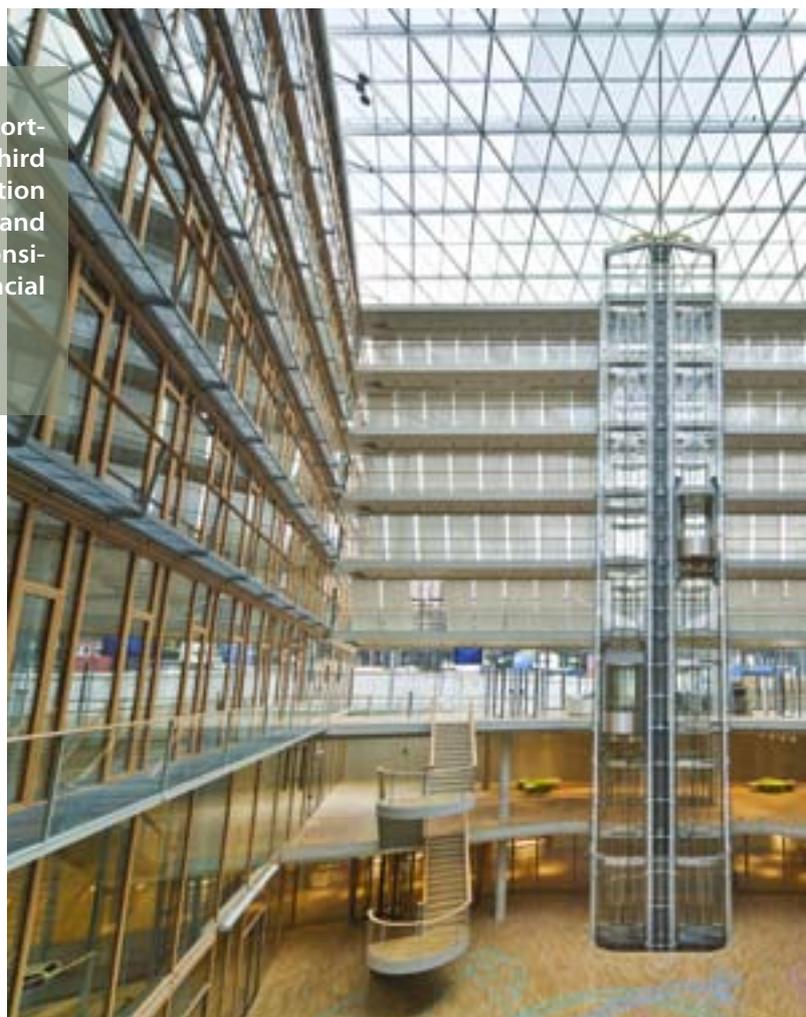
For the last five years, the EIB has been reporting on Corporate Responsibility. This is the third year that the Bank has integrated information on its activity, mostly financial information, and completed it through the Corporate Responsibility Developments Report with non-financial information.

As last year, the Activity and Corporate Responsibility Report will therefore contain certain information on corporate responsibility while additional comprehensive information on corporate responsibility in 2009 will be available as a technical annex on the Bank's website.

The Activity and Corporate Responsibility Report is available in the 22 official EU languages, while the Technical Annex "Corporate Responsibility Developments" is available in English and French.

More complete information on corporate responsibility can be found in a separate section of the EIB website. The information on both the website and in the technical annex is validated by an internal editorial committee composed of staff from the different Directorates of the Bank, while the quantitative data presented in the report was validated via the Bank's internal control system.

External validation of the contents of the technical annex was performed by the Global Reporting Initiative (GRI) for confirmation of the "B+" Application Level and by the EIB's statutory external auditors. The statutory external auditors have therefore provided the assurance for the report within the framework of internationally recognised standards. In seeking this assurance, the EIB aims to ensure that: (i) the information provided to stakeholders



is credible, (ii) the risk of misstatements is reduced and (iii) the results will help to improve reporting, procedures and controls.

2 - Specific action in 2009 to combat the crisis

The EIB is helping Europe emerge from the economic crisis and beyond by doing more, better and faster. Compared to pre-crisis levels, the Bank is substantially increasing its financing volumes while maintaining quality.

Highlights in 2009:

- Lending activity raised from EUR 57.8bn to EUR 79.1bn
- Lending to SMEs amounted to EUR 12.7bn
- Lending to SMEs and municipal projects in Central and Eastern Europe amounted to EUR 10bn





Supporting economic recovery

In the wake of the 2008 financial crisis, the present economic outlook remains uncertain and fragile. The recovery of bank lending to the real economy remains elusive, with evidence pointing to continued obstacles to both demand and supply of bank credit.



Specific EIF action to address the crisis

In 2009, the EIF actively contributed to the efforts made by the EIB Group to tackle the global financial crisis, which had started in 2008.

In particular, the EIF was able to start operations under three mandates in the framework of the JEREMIE initiative and, more specifically in countries suffering most from the effects of the crisis, such as Lithuania and Latvia, where on the basis of calls for expression of interest, it successfully selected suitable financial intermediaries to enhance the access to finance for SMEs.

The EIB targets for 2010-2012 therefore reflect continued activity in 2010 in excess of pre-crisis levels with a plateau in 2011-2012. The short-term focus will thus remain on supporting EU recovery whilst continuing to underpin the EU's efforts to combat climate change.

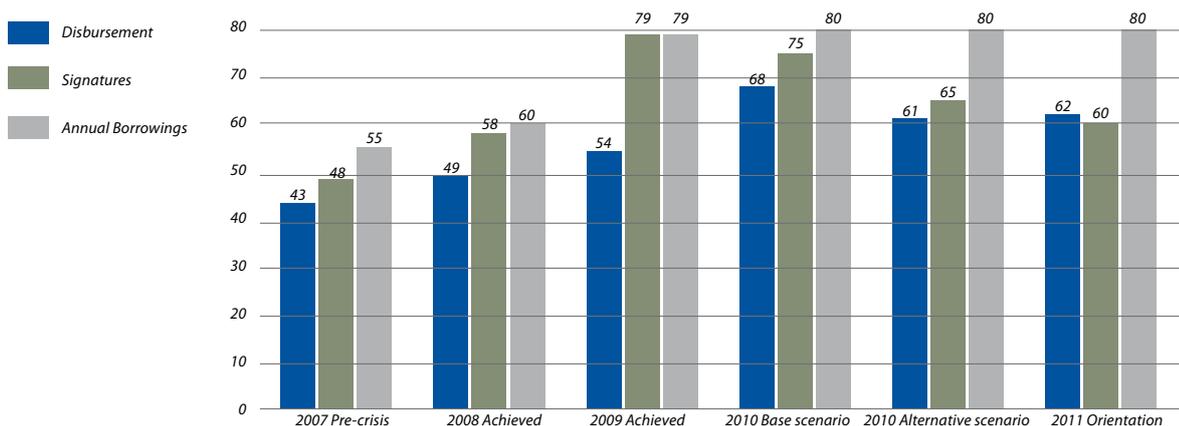
In 2008, loans worth EUR 57.8bn were signed, a significant increase on the 2007 figure of EUR 47.8bn.

The EIB had committed itself to an even higher level in 2009 and not only delivered on that but exceeded its target. In order to mitigate the crisis and to help Europe rebound, an additional volume of EUR 15bn for both 2009 and 2010 was foreseen. *In 2009, the total lending volume in terms of loan signatures was EUR 79.1bn and total disbursements amounted to EUR 54bn (2008: EUR 48.6bn), thus setting another record for the EIB. ✓*

The EIB's additional activities continue to focus on the three areas where the crisis has hit Europe most: small and medium-sized enterprises (SMEs), Central and Eastern Europe and the energy sector.

The EIB's support for SMEs, which was initially planned to amount to EUR 7.5bn per year under the European recovery plan, actually reached EUR 12.7bn in loan signatures in 2009 ✓ (up from EUR 8.1bn in 2008, which corresponds to an increase of 56%). In parallel, the level of disbursements almost doubled compared to the previous year.

The financial crisis has hit some countries in Central and Eastern Europe particularly hard. For the banks of the region, this has led to a need for action which surpasses the scope of the affected countries by far. In this context, the International Finance Corporation (IFC), a member of the World



Bank Group, launched an initiative at the beginning of 2009, which the EIB and the European Bank for Reconstruction and Development (EBRD) soon joined. The aim of this initiative is to make more than EUR 24bn available for banks in Central and Eastern Europe in 2009 and 2010. *By the end of 2009, the EIB alone had provided EUR 10bn of new loans for SMEs and municipal projects in the region* ✓ and thus almost fulfilled the commitment of EUR 11bn that it had made for both years together. Since the initiative is being continued, the EIB's contribution is bound to end up significantly above the initial target.

The EIB's European recovery programme also comprises EUR 20.4bn per year for the areas of energy, climate change, infrastructure and clean transport. Increasing energy efficiency and developing renewable energies are the main areas for investment. With signatures totalling EUR 27.8bn, this target has also been exceeded. Of this total, EUR 13.6bn was allocated to energy projects, including EUR 3.8bn for investment in renewable energy. Under the European Clean Transport Facility (ECTF), loans worth EUR 3.5bn were signed in 2009. The main focus of this facility is to reduce CO₂ emissions by supporting research, development and innovation programmes as well as investments in clean production lines. Another EUR 10.7bn was dedicated to Trans-European Networks for transport infrastructure.





The Bank's response to the financial crisis outside the EU

The Bank implemented measures to counterbalance the negative effects of the crisis while taking into account the challenges it might generate, notably when it comes to increasing the use of renewable energy sources and energy efficiency, and will continue to do so throughout 2010.

The Bank intends to remain flexible in its response to funding needs as they arise, to make up for the contraction in commercial lending.

In parallel, the Bank will pursue and consider the following additional measures:

- Stepping up support for micro-finance institutions and the banking sector

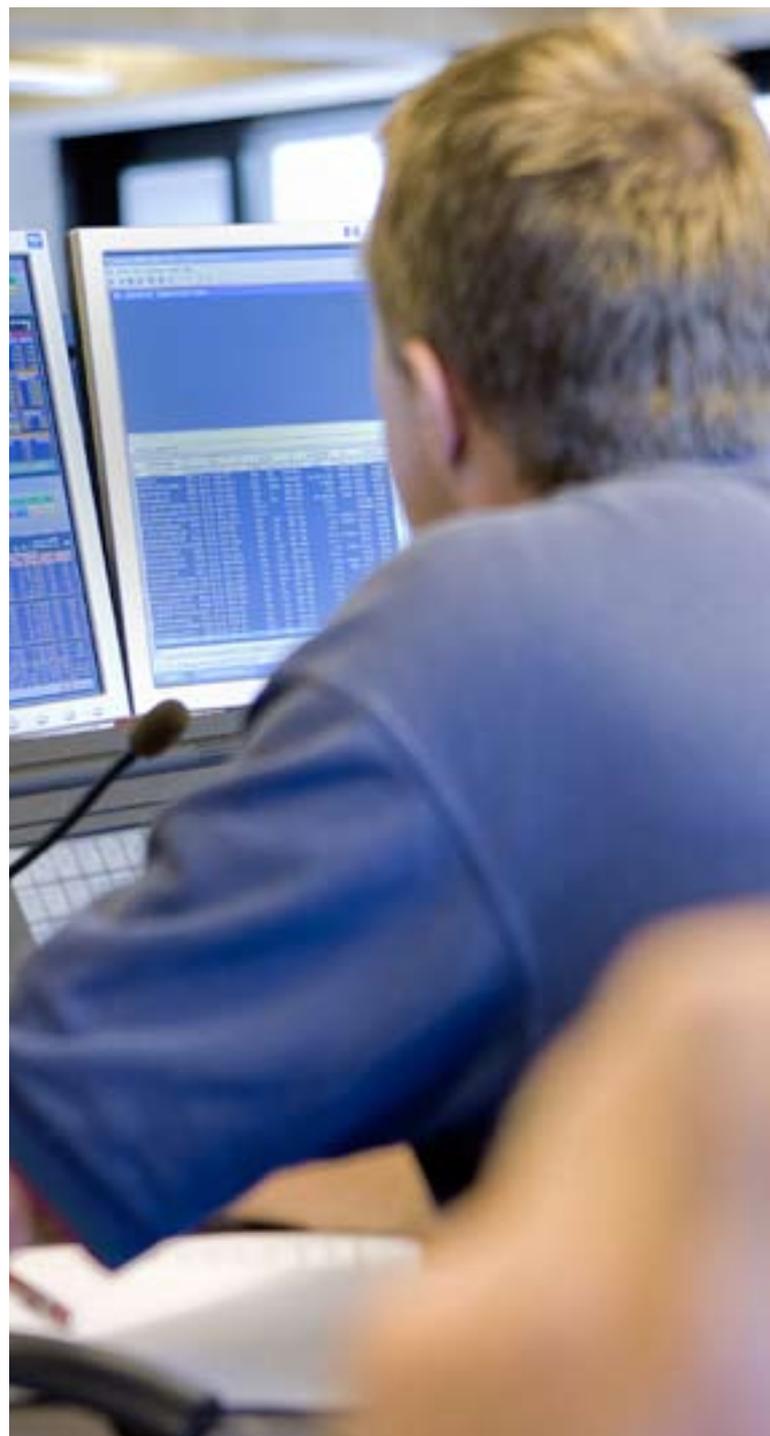
- Re-capitalisation of banks affected by the crisis will be taken forward on a prudent basis. Such action will, in turn, support the provision of funding to local entrepreneurs and small and medium-sized enterprises (SMEs).
 - The Bank will continue to use its full range of instruments (loans, equity, guarantees) to strengthen its support for financial institutions in order to help them weather the crisis and consolidate their long-term viability.
 - In the financial sector, alongside other investors, including the International Finance Corporation (IFC) and Kreditanstalt für Wiederaufbau (KfW), the Bank is already investing USD 50m in the ACP component of a USD 500m global Microfinance Enhancement Facility.
 - The Bank is also working, in collaboration with IFC and the OPEC Fund for International Development (OFID), on a proposal for an equity fund for bank recapitalisation in Africa.
- Cooperation, coordination and reinforcement of synergies with the EC, European bilateral development finance institutions and other IFIs, including co-financing



The challenge of coping with increased work volumes

In order to respond to the challenge of increasing lending volumes while maintaining quality levels, the EIB will streamline its procedures and develop a culture conducive to innovation and change, while at the same time trying to have available the relevant additional staff and other resources required for new initiatives.

The EIB is also committed to ensuring efficient and effective use of its resources through the development of its staff's skills and knowledge transfer. Where appropriate, and in order to ensure a workload that allows its staff to contribute effectively, use will be made of external consultants and local agents.





Building our Future

Building our future is a transformation programme that started in 2008 and is currently being implemented in two of the Bank's largest directorates. After having gathered staff opinions, the following areas were identified as areas for improvement: clarification of the implications of the Bank's strategy for individuals and teams; strengthening the link between individual and business performance and strategy execution; strengthening the links between individual efforts and achievements and between individual achievements and rewards through a better performance appraisal and development system; strengthening the cohesiveness of the top management team and the visibility of core values. It was also felt that there was a need to make the Bank's processes more effective so that efforts translate into results more clearly and to facilitate innovation and cooperation within and between the different services.

A number of deliverables have already been produced, consisting in particular of performance management tools designed to address the original objectives of clarifying the implications of the Bank's strategy for individuals and facilitating alignment with the COP objectives. More qualitative and longer-term aspects such as attention to individual behaviour and to customer satisfaction have also been addressed. Another set of deliverables resulted in the development of measures to generate new ways of behaving and communicating, to instil core values and to improve efficiency, collaboration and effectiveness amongst staff.

The next phase of building our future will focus on mainstreaming and further enhancing the tools already delivered and on integrating building our future into Bank-wide change initiatives to ensure that the achievements are more broadly shared.

3 - Governance and Ethics

Highlights in 2009:

- Lisbon Treaty in force since 1 December 2009
- The EIB Interim Revised Policy towards Offshore Financial Centres was approved
- Revised compliance charter approved at the EIF





Why governance and ethics are important

Corporate governance involves a set of relationships between a company's management, board, shareholders and other stakeholders and is a key element in improving economic efficiency and growth as well as enhancing investor confidence.

In addition, corporate governance provides the structure through which company objectives are set, and the means of attaining those objectives and monitoring performance are determined. The presence of an effective corporate governance system, within an individual company and across an economy as a whole, helps to provide a degree of confidence that is necessary for the proper functioning of a market economy. The EIB recognises the importance of good corporate governance practices for sustainable economic development in all the regions in which it operates.

The EIB's principles of sound governance are in accordance with the European Commission's and European Parliament's provisions on corporate governance and the supervision of financial services and take into account the OECD Principles of Corporate Governance. They also reflect the EIB's dual role:

- as a financial institution, the EIB ensures that its financial statements give a true and fair view of its financial situation; it ensures that its business is conducted in accordance with the rules and procedures laid down in its Statute and Rules of Procedure and in line with best banking practice;
- as a European body promoting the policies of the EU, the EIB carries out its statutory role and the tasks assigned to it in a transparent manner, in accordance with the provisions applicable to it.



Governance and the EU

The Lisbon Treaty

The Lisbon Treaty makes important changes to the governance of the EIB. It introduces, for example, changes in the way the Bank's Board of Governors, composed of the 27 EU Finance Ministers, takes decisions. Normal decisions will continue to be taken by a majority of members representing at least 50% of the Bank's subscribed capital. However, a new qualified majority voting threshold (18 votes representing 68% of subscribed capital) is introduced in place of the unanimity rule that used to apply to EIB lending operations outside the EU.

In addition, the new Statute describes the role of the Bank more broadly as "granting finance". As well as its customary loans and guarantees, the Bank will now be able to take equity participations more easily. However, limitations are placed on the use of equity, including the need for the terms and conditions for such operations to be approved by a qualified majority of the members of the Bank's Board of Directors¹. The Statute also says that equity would normally be provided "as a complement to a loan or a guarantee, in so far as this is required to finance an investment or a programme."

The new Statute contains a special clause to cover more risky operations deemed to be a "special activity", roughly corresponding to the Bank's existing infrastructure fund, venture capital fund and structured finance operations. These will continue to be backed by specific reserves.

The formula for calculating the maximum amount of finance that can be granted by the Bank in relation to subscribed capital (the gearing ratio) has been revised. The provision of technical assistance, such as for upstream project preparation or downstream project implementation, is also now mentioned explicitly in the Statute.

All the changes will support the request by the Member States to the Bank to increase its value added by taking more risk. The Bank will now be

able to grant loans on the sole basis of a borrower's financial strength more easily (so-called "single signature" loans). However, with more risk also comes the need to act responsibly.

The new Treaty therefore also strengthens oversight of the Bank's operations by doubling the size of its Audit Committee from three to six members and widens the Committee's scope of responsibilities.

¹ For details of the Bank's governance see: <http://www.eib.org/about/structure/governance/index.htm>



Governance in practice

Internal audit, internal control

The different levels of control and evaluation at the EIB are intended to contribute to the attainment of the Bank's strategic objectives while conforming to the applicable legislation, rules and regulations and generally adhering to best international professional practices and standards, as well as conforming to the Bank's internal policies and procedures.

Amongst these, Internal Audit provides assurance to the management of the Bank and the Audit Committee on the adequacy, effectiveness and sustainability of the risk management, control and governance processes throughout the Bank. It furnishes all levels of the Bank's management with analyses, Agreed Action Plans (AAPs), advice and information concerning the activities reviewed. The Internal Audit Charter, approved in 2007, enables Internal Audit to carry out ad hoc reviews at the request of the Management Committee, the President or the Secretary General.

It adopts a risk-based approach, which translates into an annual comprehensive three-year rolling plan of work that provides an independent assessment of key governance, risk management and control processes. The plan of activity is divided between traditional audit reviews and the Internal Control Framework (ICF).

Individual audit reviews are undertaken to provide broad coverage of the Bank's activities across the lending, finance, IT and support areas. Internal Audit performs detailed examinations of policies and procedures and carries out retrospective testing of the activities of the Bank.

On completion of each audit assignment, discussions are held with the auditees on the Agreed Action Plans (AAPs) to be implemented in order to address identified control weaknesses and inefficiencies. After reports are issued, the AAPs are approved and supported by the President. *Progress on the implementation of AAPs is monitored by Inter-*

nal Audit and reported to the Management Committee on a quarterly basis. ✓

The Internal Control Frameworks (ICF) are reviews that have been carried out jointly by Internal Audit and the Bank's services since September 2001. The ICFs are based on Basel guidelines and involve:

- classification of risks to which operations/processes are exposed;
- identification of controls that have been implemented to cover these risks;
- testing of the effectiveness of the key controls.

Fraud investigation

Fraud Investigations is a separate division within the Inspectorate General of the European Investment Bank Group. It is responsible for receiving and investigating allegations from any source inside or outside the EIB Group of suspected fraud, corruption, coercion, collusion, money laundering or the financing of terrorism relating to EIB Group activities and operations.

The EIB cooperates closely in the fight against fraud and corruption with other international financial institutions (IFIs) and with OLAF, the EU administrative investigative body, whose remit is the fight against fraud, corruption and other illegal activities detrimental to the European Union's financial interests.

The EIB's Anti-Fraud Policy was the subject of a public consultation exercise during 2007, and the revised policy was approved and published in April 2008.

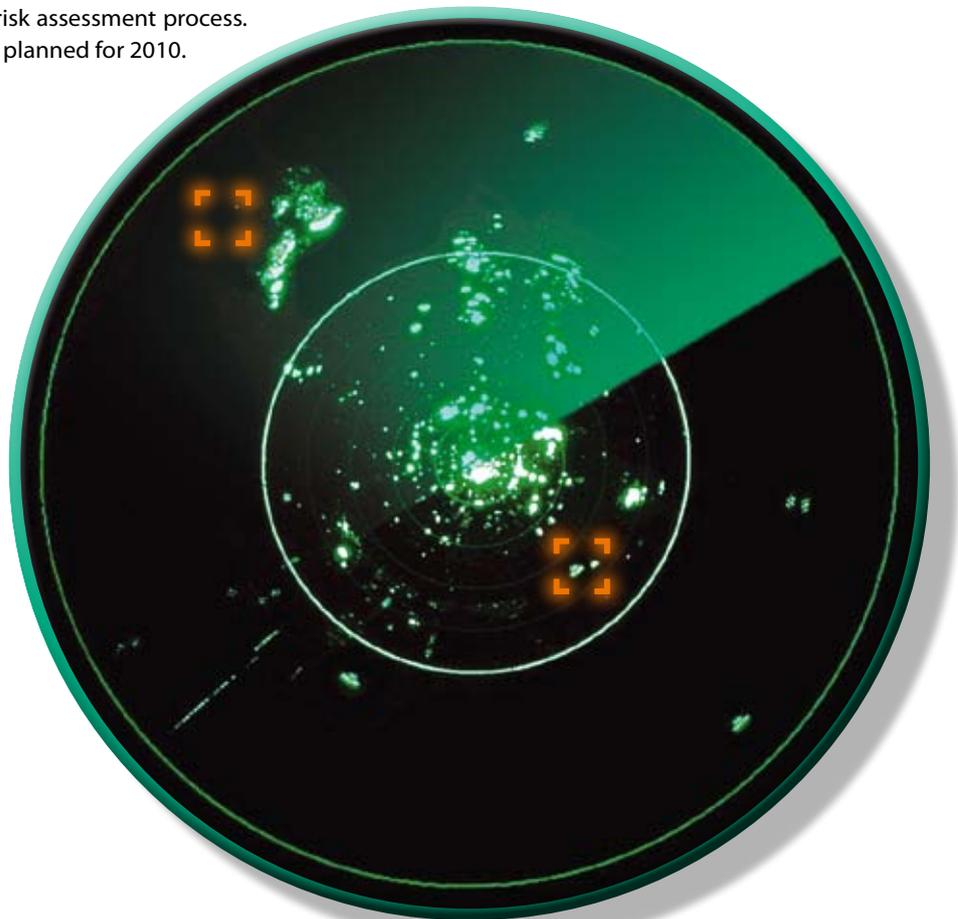
During 2009, the division received 45 new complaints, compared with 38 in 2008 and 33 in 2007.

In 2009, 16 investigations were opened, compared to 21 in 2008. Together with 23 ongoing investigations, the division worked on 39 cases. Of these, 7 concerned fraud allegations relating to EIF operations.

In 2009, 12 cases were closed as follows:

- evidence inadequate or non-existent: 2
- results of investigation referred to judicial authorities, and /or loan (partly) reimbursed: 2
- no wrongdoing found: 5
- adequate reaction by promoter: 3

During the last report year, Fraud Investigations started developing a new instrument, called Proactive Integrity Review (PIR). Through PIRs, the Inspectorate General supports the Bank's efforts to monitor projects, identify red flags and search for possible indicators of fraud and/or corruption in order to increase the preventive capability of the EIB Group. Projects are selected for PIR independently by the Inspectorate General on the basis of an extensive risk assessment process. The first PIRs are planned for 2010.





Governance and third parties

Transparency

Improvement in the transparency of its institutions and bodies is a key European Union policy aimed at bringing them closer to the public they serve, as well as highlighting their relevance in contributing to Europe's social and economic cohesion and sustainable development.

The EIB considers that as a bank and a public institution, the openness of how it makes decisions, works and implements EU policies, strengthens its credibility and its accountability to citizens. Transparency also serves to increase the efficiency and sustainability of the Bank's operations, reduce the risks of corruption and enhance relations with external stakeholders.

Therefore, in conducting its business, the Bank stresses good governance, including a high level of transparency and accountability for itself and its counterparties, while recognising that transparency is more than just a one-way flow of information. It is an ongoing dialogue between an organisation and stakeholders over information provision, within the well-defined limits imposed by regulations or required by market conditions and practices and recognising the need to respect confidentiality where appropriate and ensuring trust.

In 2009, the EIB's Transparency, Public Disclosure and Complaints Mechanism Policies were revised. The review of the policies followed a best-practice, formal public consultation of two full rounds, reflecting the views of civil society organisations, international and EU institutions, the private sector, consultants, academia and members of the public. Contributors recognised the quality and the value of the Bank's consultation process and commended the Bank for its willingness to discuss in public meetings all the important issues raised.

The outcome of this process led to a new, improved EIB Transparency Policy (merging the previous trans-

parency and public disclosure policies) and "Complaints Mechanism – Principles, Terms of Reference and Rules of Procedure", which were approved by the Board of Directors in February 2010 and published on the Bank's website with the corresponding consultation report. ✓

The EIB is continuously increasing the volume and improving the quality of the information that it provides about its activities. *The EIB website is the main platform for actively disseminating information to the public, with some 6.8 million visitors in 2009 (compared to 4 million in 2008). ✓* The EIB homepage was redesigned in 2009 to better meet the needs of external visitors and reflect today's best practices in terms of website design and functionality. The Bank is committed to improving its website continuously and making it more attractive and customer-friendly.

In 2009, information on more than 500 projects that were under appraisal was published on the Bank's website, together with other important transparency-related documents such as the Bank's Corporate Operational Plan 2009-2011, its Statement of Environmental and Social Principles and Standards, its Whistle-Blowing Policy and its new Interim Revised Policy towards Offshore Financial Centres.

Handling complaints

Information on how to lodge a complaint is available in all the official languages of the European Union on our website.

The EIB Complaints Mechanism is a two-tier procedure setting the general guidelines for exercising the right to lodge a complaint of maladministration within the EIB Group and informing stakeholders on the possibility of external scrutiny by the European Ombudsman.



New EIB policies set transparency and accountability standards

The revised EIB Transparency Policy sets the framework for an environment in which the objectives of the Bank's policies, legal, institutional and economic framework, policy decisions and their rationale, as well as information on the Bank's activities and practices, and the terms of its accountability, can be provided to the public in a comprehensive, accessible and timely manner.

It fully takes into account the Lisbon Treaty, incorporating its transparency provisions and reflecting the principles and standards therein.

The EIB's Board of Directors has reaffirmed the fundamental principle of Presumption of Disclosure of Information, which states that any information can be disclosed unless covered by constraints, rather than spelling out what information can be disclosed.

To inform its stakeholders and the general public before decisions are taken by its Board, the Bank undertakes with its policy to publish project information at least three weeks before the dates of the decisions. Following Board approval, the Bank's own environmental and social assessment of projects will also be available. The overall plan of its operations, the Corporate Operational Plan (COP), is disclosed on the website covering a three-year period, which is unparalleled among peer organisations.

The Transparency Policy seeks to strike the right balance between maximum access to information and respect for the confidentiality of information concerning the Bank's clients, shareholders, staff and other parties.

In order to ensure the effective implementation of the new policy throughout the institution, the Bank is now putting in place the necessary systems, procedures and guidelines for staff.



The EIB Complaints Mechanism

The objective of the EIB Complaints Mechanism (CM) is to provide the public with a comprehensive tool allowing alternative and pre-emptive resolution of possible disputes with the Bank or the EIF. Indeed, enabling stakeholders to seek and receive response for grievances and alleged harm is a critical aspect of accountability.

The signature of a Memorandum of Understanding between the Bank and the European Ombudsman (EO) in 2008 was a key factor in establishing the current set-up of this mechanism. Under the Complaints Mechanism, when exercising the right to lodge a complaint against the EIB, any member of the public has access to a procedure with two tiers: one internal through the Complaints Office (CO), and, if not satisfied with the outcome, an external one through the European Ombudsman (EO). The possibility of upwards recourse to a truly independent entity is unique amongst IFIs.

On the basis of the new EIB Complaints Mechanism, the CO undertakes the centralised handling and structured investigation of any complaints of maladministration received by the EIB with a view to fostering the EIB Group's accountability and transparency towards its stakeholders, whilst ensuring the effective and efficient handling of complaints in order to prevent their referral to the EO and/or other compliance review mechanisms.

Complaints in 2009

In 2009, the EIB Complaints Mechanism saw an increasing number of complaints – from 38 lodged in 2008 to 51 in 2009. These comprise both the complaints lodged directly with the EIB Complaints Office (48) and complaints against the EIB lodged with the European Ombudsman (three).

Whereas this calculation only takes into account complaints received in 2009, in order to form an aggregate picture of the investigations carried out by the Complaints Office in 2009, it is worth emphasising that ten complaints (one lodged with the EO in 2006, one lodged with the Aarhus Convention Compliance Committee in 2007 and eight lodged with the EIB internal complaints mechanism in 2008) were also dealt with in 2009. As a result, the EIB Complaints Office handled 61 complaints in 2009.

Of the 48 complaints handled in 2009, 16 were declared inadmissible. The admissible complaints range from cases concerning internal or external procurement to the economic, environmental and/or social impact of projects financed by the EIB, and from issues pertaining to the EIB's Human Resources to cases concerning access to information or customer relations with regard to the borrowing activities of the EIB. In 2009, three complainants decided to lodge a confirmatory complaint following the partial or total rejection of their complaints.

Comparative analysis 2007-2009: complaints received, dealt with and closed during the calendar year

Complaints	Received	Dealt with			Closed
		directly by EIB CO	RPM*	Total	
2007	25	17	14	31	29
2008	38	37	3	40	30
2009 <input checked="" type="checkbox"/>	51	56	5	61	39

* Recourse Prevention Measures

Additionally, the EIB CO provides the EIB's services with internal consultancy whenever the latter are required to handle sensitive correspondence from members of the public expressing their concern about EIB activities and with a view to facilitating amicable solutions between citizens and the public administration (Mediation Procedure).

Follow-up

The CO endeavours to monitor handled complaints with a view to contributing to the learning process leading to good administration and the establish-

ment of a culture of service within the EIB as well as in order to follow up the implementation of its recommendations by the concerned services of the Bank.

Insofar as no complaint lodged against the EIB with the EO was closed in 2008 with further or critical remarks by the EO, the EIB was not requested to provide feedback on the follow-up given to the Ombudsman's recommendations with respect to complaints closed in 2008.

Public consultation and policy review

In May 2009, the EIB launched a formal public consultation of the Complaints Mechanism Policy and of the Terms of Reference of the EIB Complaints Office, approved in June 2008. The consultation was divided into two rounds, including Public Consultation Meetings to discuss the policies with interested stakeholders (representatives of non-governmental organisations (NGOs), EU institutions (European Commission, European Ombudsman) and citizens). This two-round public consultation process was considered best practice among stakeholders.

The objective of the review and consultation was to enhance the accountability of the EIB Group towards its stakeholders and EU citizens in general. The consultation process was completed in November 2009 and resulted in the revised and renamed "Complaints Mechanism Principles, Terms of Reference and Rules of Procedure", which was formally approved by the EIB's Board of Directors on 2 February 2010.

The main changes to the Complaints Mechanism document based on the public consultation resulted in:

- a revised, clearer structure, avoiding duplications;
- clarifications regarding the definition of maladministration, the EIB's accountability, the scope of the Mechanism, responsibility for the Mechanism and the mission and reporting of the Complaints Office;
- new provisions on non-retaliation, awareness-raising, submission of Conclusions Reports to the Management Committee and of the Annual Report to the Board of Directors and on disclosure of current practice in terms of distribution of reports and recommendations, as well as some clarification on personal data protection.

The EIB Complaints Mechanism document now clearly establishes relevant principles, organisational set-up and rules of procedure regarding the handling of complaints from members of the public who are, or feel, affected by the Bank's decisions.





Business ethics

Compliance

The Office of the Chief Compliance Officer (“OCCO”), established in July 2005, has the remit “to identify, assess, advise on, monitor and report on the compliance risk of the EIB Group, that is, the risk of legal or regulatory sanctions, financial loss, or loss to reputation a member of the EIB Group may suffer as a result of its failure to comply with all applicable laws, regulations, staff codes of conduct and standards of good practice.”

Institutional policies and cooperation with international organisations and other IFIs

The Bank was represented within the European Commission delegation participating in the 2009 Financial Action Task Force (FATF) works and obtained the status of an official observer to the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, thus contributing actively to the international efforts against illegal or disreputable practices including money laundering, financing of terrorism, tax fraud, tax evasion and harmful tax practices.

The Bank has regular exchanges with other European and non-European international financial institutions with a view to ensuring a coordinated approach on ethics, anti-money laundering, combating the financing of terrorism and the fight against non-cooperative and/or non-transparent jurisdictions, including tax havens.

For example, the Bank, represented by OCCO, co-chairs an IFI working group focused on the coordination of a common approach for IFI operations in non-cooperative or weakly regulated jurisdictions.

Revised OFC Policy

In July 2009, the EIB's Board of Directors approved the EIB Interim Revised Policy towards Offshore Financial Centres (“Revised OFC Policy”). 

With the adoption of the Revised OFC Policy, the EIB confirms its leading role in addressing the prob-

lems caused by non-cooperative or weakly regulated jurisdictions, including tax havens, as well as its commitment to ensuring that its loans are used for the purpose intended – that is, the promotion of EU priority objectives.

The Bank was among the first of the IFIs to put in place in 2005 specific guidelines for its operations linked to offshore financial centres and reaffirmed its commitment not to tolerate illegal, harmful and disreputable activities in its Anti-Fraud Policy issued in 2008 and in the Whistle-Blowing Policy issued in 2009.

The Revised OFC Policy confirms the 2005 core guidelines (prohibition to carry out operations with links to blacklisted jurisdictions; enhanced vigilance in operations with links to weakly regulated or non-cooperative jurisdictions; information to the Board of Directors on all links with OFCs), but several innovative features have also been introduced:

- a wider definition of offshore financial centre: in the absence of a generally accepted definition, the EIB opted to encompass as “OFCs” all weakly regulated and, in line with the G20 Action Plan, all “non-cooperative” jurisdictions in connection with money laundering, financing of terrorism, tax evasion and harmful tax practices;
- commitment to conform with the country assessments carried out by reputable international, standard-setting institutions and organisations (“Lead Organisations”), including the European Union, the United Nations, the IMF, the Financial Stability Board, the FATF and the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes;
- a wider scope of targeted activities: the Revised OFC Policy targets not only money laundering, financing of terrorism and tax fraud, but also disreputable practices such as harmful tax practices (“Targeted Activities”);

- equal treatment: at the express request of its Board of Directors, the EIB is committed to applying the Revised OFC Policy equally to all OFCs, regardless of their location;
- systematic, enhanced due diligence and increased tax disclosure: all operations linked to an OFC are subject to enhanced due diligence. This includes increased tax disclosure requirements not only for EIB counterparties, but also for their shareholders incorporated in OFCs. Each of these persons will be asked to provide a detailed explanation of the economic reasons justifying recourse to an OFC for the relevant operation: should the justifications provided be insufficient or not satisfactory for the Bank, the operation will not be authorised;
- relocation obligations: stringent relocation requirements have been established in the event that a counterparty's location is or becomes classified as an OFC by a Lead Organisation. Such requirements may also apply to the counterparty's controlling entity.

Given the ongoing international debate on non-cooperative jurisdictions, including tax havens, the Revised OFC Policy is considered to be "interim" and is constantly monitored by OCCO with a view to proposing any appropriate update in line with developments in other IFIs' practices and regulatory frameworks and following any changes in the EU or Lead Organisations' positions.

Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT) and integrity due diligence of EIB lending operations

The scope of the ex-ante due diligence of lending operations was substantially increased in 2009 with the enhanced involvement of OCCO and intensified cooperation with other IFIs.

A review of the overall due diligence procedures and systems was started and is due to be complet-

ed in 2010. This review is aimed at strengthening the effectiveness of the ex-ante due diligence of lending operations via enhanced and systematic controls covering all Bank projects, thus mitigating the EIB's exposure to integrity and reputation risks associated with its lending operations.

In 2009, no evidence was found of the EIB contravening any laws or regulations leading to fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Internal ethics

Whistle-Blowing Policy

At OCCO's initiative, the EIB Whistle-Blowing Policy was adopted in January 2009 and was subsequently published on the Bank's website and communicated to the Bank's staff. ✓ By setting out clear reporting lines, ensuring maximum protection for any whistle-blower acting in good faith and condemning any retaliatory action or reprisals, the Whistle-Blowing Policy allows any relevant persons to fulfil their duty to report wrongdoings.

EIB Codes of Conduct

OCCO is also responsible for administering the EIB Codes of Conduct and managing any connected compliance issues.

In 2009, OCCO increased its advisory activities on ethical matters for the benefit of the Bank's management and staff and started working on an update of the Bank's Codes of Conduct with a view to ensuring the highest standards of transparency and integrity in line with peer institutions, particularly at the EU level. ✓



EIF Compliance

Ethical parameters are of central importance for the EIF as a Community body and member of the EIB Group. A dedicated independent service within the EIF governance structure, EIF Compliance & Operational Risk, is responsible for the assessment of compliance and operational risk and the respective coordination with OCCO and other competent EIB services at EIB Group level. EIF internal audit and fraud investigations are taken care of by the respective services of the EIB in accordance with the terms of a service level agreement between the EIF and the EIB.

The organisational framework of EIF Compliance & Operational Risk was strengthened in 2009 in a revised Compliance Charter. **Furthermore, the EIF's Board of Directors approved a Whistle-Blowing Policy and a revised EIF Policy on Offshore Financial Centres, ✓** which responds to the requests made by the G20 Group and is aimed at reinforcing the fight against money laundering and terrorist financing as well as tax evasion and abusive tax avoidance schemes.

4 - Working with others

Highlights in 2009:

- Joint Multilateral Development Banks' Statement on Climate Change
- Public consultation on Transparency Policy
- Launch of Mutual Reliance Initiative
- Marguerite: bringing together EU long-term institutional investors

The EIB seeks to further the Union's policy objectives by implementing guidelines defined and formulated by its shareholders, the Member States of the European Union, notably through the Bank's Board of Governors and in the framework of the Council of the European Union. In order to achieve these common objectives, a constant open dialogue and intensive cooperation with the European institutions that prepare, propose and decide on the Union's policies have been of paramount importance. Therefore, the EIB has been working as a strategic and active partner together with the European institutions pursuing the Union's policy objectives, whilst also closely cooperating with and constantly involving other International and Bilateral Financial Institutions and civil society organisations.

Furthermore, the EIB works in partnership with other European and international organisations to implement international conventions (on, for instance, biodiversity and climate change) that are essential for tackling the threat to the global commons.





Working with European institutions

Intensive cooperation with the Council of the European Union

During 2009, cooperation with the Council of the European Union was again very intensive. President Maystadt participated actively in discussions with EU Economic and Finance Ministers at their monthly Economic and Financial Affairs (ECOFIN) Council meeting and offered the EIB Group's perspective on and contribution to important EU policy issues.

The ECOFIN Council appreciated the EIB Group's investment financing expertise, notably in the context of the financial and economic downturn. It attached great importance to the Bank's role in finding remedies, together with the European Investment Fund (EIF), against a continuation of the economic and financial downturn and greatly appreciated the Bank's contribution to the collective efforts of the Member States and the Commission to reverse the economic cycle. The extraordinary dynamism of the EIB Group's human and financial resources was also largely recognised. Implementation reports on the EIB Group's support for the European Economic Recovery Plan were regularly submitted by the EIB to the ECOFIN Council.

As part of the response to the difficult economic situation, the EIB was also instrumental in amalgamating the considerable forces of leading European long-term institutions to establish the 2020 European Fund for long-term institutional investors (the "Marguerite" Fund), which is specifically designed to provide direct equity for TEN projects.

At many levels, regular contacts took place with the Permanent Representations of the Member States; mutually beneficial cooperation was established with the Czech and Swedish EU Presidencies. The Bank regularly participated in and provided input to the work of COREPER, the Economic and Financial Committee and the Financial Counsellors' Working Party.

Relationship and cooperation with the European Parliament (EP)

The seventh term (2009-2013) of the European Parliament began amid concerns of an economic and social nature.

President Maystadt was invited to some public sessions of several parliamentary committees and the exchange of views with MEPs nurtured the well-established cooperation between the EIB Group and the only directly elected body of the European Union.

The annual European Parliament report on the EIB was combined with the annual report on the EBRD. It was approved on 25 March 2009 by an almost unanimous vote. The EIB's comprehensive response to all the recommendations issued by the EP on the EIB up to September 2009 was reported to the EP.

Parliament was involved for the first time in the co-decision with the Council on the EIB's external mandate, following the decision of the Court of Justice that the EIB mandate should also be based on EU development cooperation policies. An amended EIB mandate was approved in July 2009, and the Parliament will again be involved in co-decision during the mid-term review of the EIB external mandates.

Working in close partnership with the European Commission (EC)

In the three years during which the Risk Sharing Finance Facility (RSFF) has been available, there was a very rapid take-up, with loans increasing from EUR 0.5bn in 2007 to EUR 1bn in 2008 and almost EUR 3bn in 2009. Key sectors were engineering, life sciences, energy and ICT. The RSFF was set up by the EIB and the European Commission with EUR 1bn from the Bank's funds and another EUR 1bn from the Commission's 7th Research Framework Programme. The Facility should make it possible to lend up to some EUR 10bn for riskier RDI investment during the EC's 2006-2013 budgetary period.



To combat social exclusion and its impact on the economy – a particularly important issue in the current economic situation – the EIB Group and the European Commission jointly launched the PROGRESS Microfinance Initiative (PMF). Managed by the EIF, the PMF will bring together up to EUR 200m in funding from the Commission and the EIB under a new facility dedicated to financing microfinance institutions. The PMF will provide additional capacity to this fast-growing credit market, with the objective of increasing access to and the availability of microfinance. With these initiatives, the EIB Group is – responding to mid- and micro-sized enterprises' increasing need for credit. They particularly target microfinance operations that underpin smaller enterprises and the social economy or help people losing their jobs or having difficulties entering or re-entering the labour market.

The Bank was closely involved with the Business and Biodiversity Initiative of the European Com-

mission (DG Environment), providing support as well as advice on ways to get the financial sector more actively involved.

Together with the Directorate-General for Regional Policy, the Bank ensured the efficient delivery of the Joint European Support for Sustainable Investment in City Areas (JESSICA), the Joint European Resources for Micro to Medium Enterprises (JEREMIE) instruments, the Joint Action to Support Microfinance Institutions in Europe (JASMINE) and the Joint Assistance to Support Projects in European Regions (JASPERS) instruments, and strengthened the implementation of these joint initiatives.

The EIB has also been working closely with the European Commission to accelerate the EU's move towards a low-carbon economy, in particular within the framework of the European Strategic Energy Technology Plan, which is designed to accelerate the deployment of cost-effective low-carbon technologies. In this context, the Bank is also increasingly focusing on new technologies such as carbon capture and storage and has been working with the Commission to support mechanisms for demonstration programmes.

The Bank's wide experience and expertise in the field of public-private partnerships (PPPs) has been fully devoted to the European PPP Expertise Centre (EPEC). Supported by the European Commission, EPEC aims to facilitate the effective sharing of experience and best practice in PPPs and to provide support for project preparation and advisory services to the public sector promoters of priority TEN-T projects. In addition to the establishment of EPEC, the EIB continues to work closely with the EU coordinators, the Commission (DGTREN), EU Member States, industry associations and the banking sector to accelerate, where possible, the effective launch of TEN projects and their financing.

In terms of European territorial cooperation, the



EIB has been a key partner in the design, launch and implementation of the EU Baltic Sea Strategy (BSS) and acted as a pathfinder for the new macro-regional strategy developed by the Commission at the request of the European Council. The EIB contributes to this Baltic Sea Strategy via its lending activity, the development of technical assistance, reinforced cooperation and participation with the Nordic Investment Bank (NIB) in the Financial Expert Group for the BSS and continued participation in relevant Northern Dimension Fora.

The Expert Working Group on Blending of Grants and Loans outside the EU, with representatives of the EIB, the Commission and Member States, produced a final report at the end of 2009. The Bank also closely cooperated with the Commission in the framework of blending mechanisms such as the EU-Africa Infrastructure Trust Fund and the new Western Balkans Investment Framework, which was launched in 2009.

The Bank cooperated with the Commission in support of the ongoing mid-term review of the EIB's external lending mandate, which is expected to lead to a new EC legislative proposal to the Council and EP, following the Commission's proposal due by April 2010.

Further cooperation with the Commission took place within the framework of the response to the crisis in developing countries, as outlined in the Council conclusions of May 2009. The Commission decided to contribute an additional EUR 200m from the European Development Fund to the EU-Africa Infrastructure Trust Fund. The EIB and the Commission are also cooperating to establish an SME Facility for the Eastern Neighbourhood Countries, together with the EBRD.

European Economic and Social Committee and the Committee of the Regions

The mutually beneficial relationship with the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR) also continued in 2009.

The EESC President, Mr Mario Sepi, invited President Maystadt to discuss the role of the EIB in the economic and financial crisis and EIB Group support for the European Economic Recovery Plan. Furthermore, a wide range of topics was covered in contacts with the EESC as part of the dialogue between the EESC and the EIB established in 2001.

As in previous years, the EIB participated in the annual 'Open Days', organised by the CoR in cooperation with the European Commission's Directorate-General for Regional Policy. The EIB workshop on "the EIB Group and EU structural funds in support of innovation in the regions" was very well attended. Several EIB Group staff members also participated as speakers in a number of other seminars on micro-credit as well as on JASMINE, JEREMIE, JESSICA, energy (the sustainable energy action plan in conjunction with the Covenant of Mayors) and on cohesion (financial engineering instruments in the framework of cohesion policy).

The EIB also participated in the public consultation on the CoR's White Paper on multi-level governance.

Cooperation and partnership with international and bilateral financial institutions

International Financial Institutions also belong to the EIB's stakeholder group. Accordingly, the Bank consults with its peer institutions on a regular basis to help develop a consistent and harmonised approach to environmental and social issues among IFIs. The Multilateral Financial Institutions' Environmental Working Group provides such a platform for those institutions to share their respective experience in the application of their environmental and social protection policies and to promote a common approach to sustainable development. Part of this relationship consists of harmonising methodologies with AFD and KfW for the carbon footprinting of operations and with the EBRD on adaptation.

In 2009, cooperation with other International Financial Institutions and European bilateral institutions was strengthened particularly under the mandate for EIB activity outside the EU covering the period 2007-2013, and as an integral feature of the EIB's response to the crisis outside the EU.

Cooperative action in response to the crisis resulted in several initiatives that materialised throughout the year. They included an increased level of financing activity, amounting to EUR 8.8bn outside the EU, of which more than 50% was co-financed with other IFIs and European bilateral institutions; the "Joint IFI Action Plan in support of the banking systems and lending to the real economy in Central and Eastern Europe", a joint initiative of the EIB, EBRD, and the World Bank Group; the IFC Infrastructure Crisis Facility, in which the Bank participates with lending of up to EUR 1bn; and the IFC Microfinance Initiative, to which the Bank contributes USD 100m; the IPA crisis response package, notably for energy efficiency in the Western Balkans and Turkey (via the South-East Europe Energy Efficiency Fund) and SMEs in Turkey.

In addition, the Bank cooperated with other IFIs via inter-institutional participation in horizontal ini-

tiatives, such as the Joint Multilateral Development Banks' Statement on Climate Change issued in December 2009. ✓ In March, as part of their annual visit to the EU institutions, the World Bank's EU Executive Directors visited the Bank for the second time. In October, the EIB organised the first Heads of MDBs and Heads of Multilateral Financial Institutions meeting in Istanbul in conjunction with the WB/IMF annual meeting. In November, the Bank and the OECD signed a Joint Statement on Cooperation. Cooperation with the EBRD and CEB has intensified, notably with the launch of the Western Balkans Investment Framework, as well as in the Neighbourhood and Partner Countries.

The Bank aims for closer cooperation between financial institutions and has launched a "mutual reliance initiative" with AFD and KfW, whereby the three institutions seek to enhance their collective effectiveness and efficiency.

The EIB also set up an innovative co-financing arrangement with the ADB for the Pakistan Renewable Energy Programme, involving the delegation of loan administration and project monitoring, procurement, disbursement and other administrative tasks. The project will make it possible to exploit synergies between the two financial institutions and will minimise the transaction costs to the borrower.



Mutual Reliance Initiative

In order to enhance the cooperation between them, the EIB, AFD and KfW launched in 2009 the Mutual Reliance Initiative (MRI). With this initiative, the three institutions undertook to improve the division of labour and delegate certain tasks, notably project appraisal, implementation and monitoring, to one of the three institutions acting as lead financier for the project in question. The lead financier applies its own procedures, practices and standards as long as they correspond to the minimum requirements and standards of the other co-financing institutions. A pilot programme is being implemented until mid-2011 involving a number of projects in the ACP and Mediterranean regions, on a reciprocal basis and in an attempt to delegate tasks insofar as possible.

A tripartite agreement on mutual reliance, related to the implementation of this pilot initiative, was prepared during 2009 and finally signed between the three institutions in early 2010. Operational guidelines are expected to be drawn up, alongside the implementation of the pilot programme, by mid-2011, following which the initiative may be thrown open to other co-financing institutions.

The three institutions are confident that the MRI will result in the streamlining of their joint work and the further development of mutual trust as well as exemplary collaboration between their staff, thus improving their collective effectiveness and efficiency.

Working with stakeholders

Public consultations

The Bank conducts public consultations on selected corporate and important multi-sector policies, which are typically of interest to all EIB stakeholders. The main objectives of a consultation are to generate valuable stakeholder contributions and to reinforce transparency and accountability. Often considered as best practice, these web-based consultations normally include two rounds of 45 and 20 working days and are generally combined with public meetings with a view to facilitating a direct (face-to-face) dialogue with interested stakeholders.

In addition to formal public consultations, simplified web-based consultations or informal stakeholder meetings on other selected policy documents may be held, depending on the type and content of the document or issue in question.

In 2009, a public consultation was held on the EIB's transparency, public disclosure and complaints mechanism policies. A new consultation process will be launched in 2010 in connection with the revision of the Bank's transport lending policy.

In its Environmental and Social Assessment of projects outside the EU, the Bank aims to promote

public consultation and participation, in accordance with EU standards, through appropriate discussions with the promoter and other parties. Consultation is defined as a tool for managing culturally appropriate two-way communications between project sponsors and the public. Its goal is to improve decision-making and build understanding, by actively involving individuals, groups and organisations with a stake in the project. This involvement increases a project's long-term viability and enhances the benefits a project brings to locally affected people and other stakeholders. Therefore it is the responsibility of the Bank to ensure that the promoter pays appropriate attention to the public consultation process during the earliest stages of project preparation and that the extent and form of consultation is appropriate for the project in question.

Stakeholder engagement and relations with civil society

The Bank's relationship with civil society, including non-governmental organisations (NGOs) and other interest groups, is based on the acknowledgment that these organisations can make a valuable input to its policy development. They can also contribute to the Bank's awareness of local issues and provide other useful information contributing to the quality of EIB-financed projects.

Interaction with civil society organisations (CSOs) is coordinated by the Civil Society Unit. The Unit seeks contacts with organisations which can help the public and, more specifically, citizens affected by EIB operations, to find their way to information about the Bank.

As part of its ongoing dialogue with civil society, the EIB organises regular workshops with CSOs. The Spring CSO Workshop focused on road transport and biodiversity issues. Another key event was the annual CSO briefing in Brussels in March 2009, during which the EIB's 2008 results were presented to Brussels-based CSOs and the launch of a

civil society homepage on the Bank's website was announced.

The Bank engages in dialogue and cooperative partnerships with specialist organisations which share particular objectives or interests with the EIB, such as the Lisbon Agenda, sustainable development, environmental protection or poverty alleviation. In 2009, the Bank pursued its cooperative relationship with Transparency International, the International Union for Conservation of Nature (IUCN), in particular through its involvement on the Countdown 2010 Advisory Board, and with Birdlife International through its active participation on the Steering Committee of the Biodiversity Technical Assistance Facility, as well as with the Extractive Industry Transparency Initiative (EITI), which has been supported and endorsed by the EIB since 2008.

While the Bank will continue to pursue targeted working relations with expert CSOs, it is also keen to sustain and improve its contacts with policy advocacy NGOs campaigning on the Bank's activities. Contacts with these organisations have expanded over the last few years and have increasingly developed a dialogue component. The importance attached to these contacts was underscored by the Bank's participation in events organised by these NGOs in 2009, such as the conference on Accountability of IFIs in March 2009. The Bank itself organised several roundtable discussions with these NGOs on specific issues such as carbon capture and storage and the European Clean Transport Facility, climate change, clean energy, nuclear and carbon footprinting, offshore financial centres and the Bank's environmental and social procedures for investments in developing countries.

At the project level, the Bank continued to involve and work together with CSOs and citizens' groups, for instance on a number of energy and mining projects in ACP and Latin American countries, and it is also exploring the possibility of involving NGOs in projects where technical assistance funds are available.



Further meetings and conferences with interested stakeholders are already planned for 2010 to discuss topics of common interest such as

“business, banking and human rights” and the mid-term review of the Bank’s external lending mandates.

Promoting European art

The EIB’s contemporary art collection

The EIB’s collection of artworks opens up a cultural window for staff and visitors to the Bank. It is intended to provide them with a source of inspiration and creative energy.

Designed to showcase European artists recognised in their own countries, but still relatively unknown on a European or international level, it is made up of works which were often acquired early on in artists’ careers, at fairly low prices. At present, it consists of 550 works: paintings, photographs, works on paper, sculptures and installations. The EIB collection is aimed, in particular, at building bridges between means of expression, styles and different points of view.

Acquisition, conservation and promotion policy for the collection is the responsibility of the EIB Arts Committee, which is composed of six EIB staff members, supported by European international experts that advise on purchasing decisions. The selection of artworks is based on a few simple criteria: post-1958 European art, created by a living artist who is a national of an EU Member State.

The collection reflects the strong conviction that, viewed as a strategic resource, culture can bring major value added, especially by stimulating new ideas that are vital for innovation, viable socio-economic development and corporate responsibility.



Lutter Vera,
Linger On - 2009



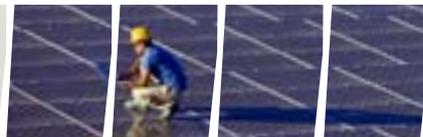
Bismuth Pierre,
Following the right
hand of Marlene Dietrich
in “Song of Songs”
2009

5 - Investing responsibly

Highlights in 2009:

- Implementation of the EIB Statement on Environmental and Social Principles and Standards
- Introduction of a climate change performance indicator in the COP 2010-2012
- Since 2004, EIB loans for renewable energy have increased from 43% to 70% of the Bank's total power generation lending





Sustainable project finance

Tools for sustainable project finance

After a year-long public consultation, the EIB's Board of Directors approved, in February 2009, the new EIB Statement of Environmental and Social Principles and Standards (the Statement). ✓ The Statement derives from and reflects the evolving EU approach towards the promotion of environmental sustainability and social well-being, in the broader context of the goal of sustainable development. It sets out the way the Bank structures its projects and operates to avoid or mitigate risk and to provide environmental and social benefits in the regions in which it operates through its financing.

The main objectives of the new Environmental and Social Statement were to:

- incorporate changes in EU policy, e.g. new laws and amendments to existing directives;
- respond to greater challenges such as biodiversity and climate change mitigation and adaptation;
- accommodate greater concern for social issues including human rights;
- reflect the experience gained through working with peer institutions and civil society and provide more clarity and realism; and,
- align with evolving good practice, e.g. on public consultation and participation

The main changes are:

- a broader scope, reflecting wider developments in good practice: on the whole, the 2009 Statement sees a broadening of the scope of EIB social and environmental requirements, aligning the Bank with developments in good practice (e.g. application of Extractive Industries Transparency Initiative (EITI) principles, application of the Business and Biodiversity Offsets Programme (BBOP) guidelines);
- a document that the EIB can deliver on: to reflect what the Bank can realistically achieve, there are some important changes in language providing greater clarity in the requirements of the Bank, i.e. no-go areas;



- greater emphasis on the social pillar of sustainable development: social considerations have come to play a bigger role in the project-related activities of the Bank. Drawing on the Charter of Fundamental Rights of the European Union, the Bank pays particular attention to the rights and interests of vulnerable groups and the impacts that projects may have on people in both the workplace and the local community;
- bringing the role of the promoter to the fore: there is a greater emphasis on the role and responsibilities of the promoter;
- climate change and biodiversity are considered in much greater depth and detail, reflecting the growing appreciation of the EIB's impact on and influence in these two areas of environmental policy; and,
- separation of "what" the Bank aims to do, and "how" it does it: the EIB Environmental and Social Practices Handbook (currently being revised) can be read alongside the Statement, allowing a largely separate and more detailed examination of how the Bank actually implements the principles and standards laid down in the Statement.

The Environmental and Social Office (ESO) ran five training sessions on the Statement for EIB staff and in particular the Projects Directorate, to assist them in putting the new requirements into practice. The training focused in particular on the new requirements relating to the application of the social principles and standards and the rights-based approach the Bank has adopted to applying social standards, the application of environmental principles outside of Europe as well as biodiversity (carrying out biodiversity assessments and application of the mitigation hierarchy) and climate change (mitigation and adaptation).

The EIB Statement on Environmental and Social Principles and Standards is complemented by:

- the Environmental and Social Practices Handbook (the Handbook), which is an internal environmental and social procedures document and outlines the process by which EIB staff appraise and monitor projects. This document is in the process of being revised and updated in line with the new Statement. ESO will run further detailed training sessions for both the Projects and Operational Directorates to ensure that staff are able to apply the Bank's environmental and social requirements to the Bank's operations;
- following the signing of the EPE in 2006, the EIB initiated the Sourcebook, a reference manual on EU Environmental Law which can be used by staff and project promoters alike. The Sourcebook, was launched by all five participating institutions (CEB, EBRD, EIB, NEFCO, and NIB) in December 2008. IEEP, the editors of the Sourcebook, provided a training session in June 2009 followed by a first update on case law, new directives and amendments to existing directives in October 2009. A proposal is being worked out to ensure that the Sourcebook remains a living document.

Specific social tools

There were several positive developments in 2009 in terms of further integration of the social development agenda into the EIB's work. For example, in early spring 2009, the EIB established a Social Working Group (SWG), coordinated by ESO, to promote and support social development policies and practices within the Bank. As such, the mission statement of this group is to: "Together with ESO formulate social assessment practices for general use by EIB staff, raise awareness of relevant social issues and help implement the Bank's social policies and guidelines." ✓ This new working group was created to complement the already existing Environment Assessment Group and Climate Working Group.

To fulfil its purpose of further improving and developing the social development agenda, policies and practices, the SWG was set up with representation from different parts of the Bank so as to assure buy-in, legitimacy and consistency of the handling of social development topics across the Bank. During its first year, the SWG's role was very important in terms of its inputs, advice and feedback, for example in developing tools to support project teams in assessing social development issues, updating the Social Assessment Guidance Notes and supporting ESO's Training and Awareness Raising Programme.

During 2009, the Social Assessment Guidance Notes were revised to assure consistency with the updated 2009 EIB Statement of Environmental and Social Principles and Standards. ✓ As a result, the guidance notes on involuntary resettlement, labour standards and community and occupational health and safety were revised to reflect the new Statement, especially by focusing more on human rights and providing more guidance for initial screening of social development issues in a project context. To help meet the Bank's social requirements as outlined in the Statement, there was a series of training events for the staff on social development topics such as ILO core labour standards and a number of sessions specifically on the EIB's policies and requirements.



The EIB is also seeking to further align the closely linked EIB human rights-based approach to social development with the EU approach to social issues by initiating a “Social Development Reference Book on EU Principles and Standards”. The main purpose of the Reference Book is to supplement the Environmental and Social Handbook and respective Social Assessment Guidance Notes with relevant EU-specific information pertaining to social development issues in the Bank’s project work.

Managing the environmental and social risks of the projects financed

The EIB considers, with the same stringency, the relationship between the environment and social well-being, as well as the natural and built environments in their own right, in all the projects that it finances. Accordingly, an analysis of the environmental and social issues and risks is performed for each project.

The environmental and social capacity of the project promoters (for all promoters in all regions) is also reviewed to determine whether they have the capacity and capability to manage the environmental and social aspects, including impacts and risks, arising from their investment activities within the policy and legal context in which they operate.

The projects are rated for their environmental and social risk and any risk mitigation measures are dis-

cussed with the project promoter, including development of effective consultation processes that bring the points of view of the different stakeholders together. Public participation is one means of ensuring that all relevant points of view are included and generally results in more informed risk assessment and better project planning.

The overall environmental and social assessment also identifies any environmental and social conditions and undertakings to be included in the finance contract.

Collaboration with the promoter on environmental and social issues continues during the monitoring of the project to ensure compliance with the relevant environmental and social legislation, notably the fulfilment of environment-related contractual conditions and undertakings and the implementation of any agreed mitigation and compensation measures. It is at this stage that the EIB can have the most impact by ensuring that any outstanding environmental and/or social issues are thoroughly and correctly addressed by the promoter.

The detailed environmental and social procedures as well as the process by which projects are appraised and monitored are contained in the Handbook available online.

A	Acceptable Positive or neutral residual impacts; low risks
B	Acceptable Minor negative residual impacts; low or moderate risk
C	Acceptable Major negative residual impacts; moderate or high risk
D	Not Acceptable High risk





CSR awards

The Moma Titanium minerals mine in northern Mozambique, financed by the EIB, recently won two major Corporate Social Responsibility (CSR) and socio-economic awards.

In September 2009, Kenmare Resources plc, owners and operators of the Moma Titanium mine, won the President's Award for the best International CSR Programme from the Chambers of Commerce of Ireland, in association with the Irish Government Department of Community Affairs, for the Kenmare Moma Development Association (KMDA).

In October 2009, KMDA also won another prestigious award for its activities aimed at social and economic enhancement of the communities surrounding the mine. The Nedbank Socio-Economic Award was made by a panel of independent and expert adjudicators following an interview and three-day site visit to examine the work of KMDA and meet with project beneficiaries. Nedbank particularly praised the fact that KMDA's development work began before mining commenced and that it has an overall strategic vision and a 'bottom up' approach, as well as close partnerships with international and local non-governmental organisations and government bodies.

Founded by Kenmare in 2004, KMDA's goal is to strengthen the socio-economic development of the communities in the vicinity of the Moma mine, with a population of 10 000 people. With the support of local and international partner institutions, KMDA has established small businesses in egg, broiler and vegetable farming, generating revenue of USD 150 000 a year across six villages. In addition, KMDA has also set up a mobile health clinic with a visiting general practitioner and dentist, introduced projects on food security and HIV/health, built four new schools, set up a savings and credit scheme, installed water pumps and initiated a soccer league.

The EIB financed the Moma Titanium project in 2004 and 2005 with loans totalling EUR 57.75m; this was one of the first projects to be financed under the then recently created EIB Investment Facility.

The Bank was involved for quite some time in helping the main sponsor in different ways with this difficult project due in part to its remote location. Certain design elements of the project, for example the integration of the electricity component, follow suggestions made by the Bank. Without the Bank's proposed financial instruments, the promoter would have had difficulties raising enough equity and debt to complete an acceptable project finance plan, even more so under the conditions on world stock markets at the time. The EIB values the work of KMDA which enables local stakeholders to benefit from the existence of the mine.

Important value added

The Bank usually concentrates its activity on projects where it can bring the highest value added, notably by providing long maturities, grace periods and risk-capital instruments to promoters.

The value added framework, which is used to assess the Bank's operations in EU and Pre-Accession Countries, was subject during 2009 to some adjustments that will be applied from 2010 onwards. ✓ The aim of these improvements to the framework was to facilitate the selection of quality projects via more tangible and quantitative indicators, improve communication and allow greater differentiation between projects.

The three-pillar structure has fundamentally remained the same, namely an assessment of: i) Pillar 1, consistency with EU priority objectives; ii) Pillar 2, quality and soundness of the project, including the environmental and social sustainability of the operation and iii) Pillar 3, contribution of the EIB to the project. However, the use of the three-pillar assessment will be extended to cover the whole project cycle from project identification to ex-post evaluation. The new system is based on rating grids which will allow each pillar to be scored numerically, thus providing for greater transparency and consistency.

The Economic and Social Impact Assessment Framework (ESIAF)

Outside the EU, EIB staff devote a lot of attention to improving the design of projects, enhancing their management, providing technical support and financing fairly risky and pioneering initiatives. One of the instruments available to help staff carry out these duties is ESIAF.

ESIAF is a framework for assessing the relevance, quality and value added of EIB projects outside the EU – at both the appraisal and evaluation stages. It applies to all direct and indirect operations, including investment loans and financial sector operations such as global loans and equity investments financed by the EIB outside the EU and in the Candidate and Potential Candidate Countries. Operations that support transactions in capital markets are also subject to ESIAF as are operations financed via the Bank's own resources, as well as operations carried out with funds managed by the EIB under specific regional mandates. It also constitutes a benchmark against which the project's strengths, weaknesses and potential can be evaluated throughout the project cycle.

ESIAF builds on the Bank's three-pillar-based value added approach within the EU and it evaluates

Sustainability of EIB investment in the EU and Pre-Accession Countries

No. of projects approved in 2009	Total				EU-27				Candidate and Potential Candidate Countries			
	Pillar 1	Pillar 2 ✓	Pillar 3	Pillar 2/ Total	Pillar 1	Pillar 2 ✓	Pillar 3	Pillar 2/ Total	Pillar 1	Pillar 2 ✓	Pillar 3	Pillar 2/ Total
High	377.0	283.0	383.0	63%	338.0	267.0	345.0	65%	39.0	16.0	38.0	41%
Medium	69.0	158.0	54.0	35%	69.0	136.0	53.0	33%	0	22	1	56%
Moderate	1.0	4.0	9.0	1%	1.0	3.0	9.0	1%	0	1	0	3%
Low	0.0	2.0	1.0	0%	0.0	2.0	1.0	0%	0	0	0	0%
Total	447.0	447.0	447.0		408.0	408.0	408.0		39.0	39.0	39.0	



the consistency of operations with EIB strategy and mandates, the quality and soundness of the operation and the EIB's contribution to the operation. When considering a project, the Bank carefully balances financial and economic considerations with the project's expected social and development impact. ESIAF concurs with this objective, helping to identify – from the outset – the economic, financial and environmental sustainability of operations, as well as other qualitative elements. Project promoters thus benefit from the Bank's technical and economic know-how.

Ex-post evaluation

Operations Evaluation (EV) focuses on how the institution conducts its operations, given the framework of relevant EU policies (the Treaty, Directives, Council Decisions, mandates etc.) and the decisions of the EIB Governors. EV provides transparency vis-à-vis the EIB's governing bodies as well as interested outside parties by carrying out thematic, sector and regional/country evaluations of projects financed by the Bank, usually once they have been completed. EV's work also includes the analysis of related policies and strategies to identify aspects which may need to be reviewed by the appropriate bodies. Through its work, it encourages the organisation to learn from experience and reinforces accountability. Its mandate has been enlarged to cover all EIB Group (EIB + EIF) activities.

New developments and specific highlights of the year 2009 were:

i) New Terms of Reference for Operations Evaluation

At the end of 2008, a first EIB Board seminar on EV activities and the methodologies used by Operations Evaluation was organised. Major changes made by EV were endorsed:

- extension of EV's scope of activities to the whole EIB Group;

Sustainability of EIB investment outside the EU and in the Candidate and Potential Candidate Countries

Number of projects approved in 2009	Pillar 1	Pillar 2	Pillar 3	Pillar 2/ Total
High	63	35	51	45%
Medium	13	39	24	51%
Moderate		2	1	3%
Low	0	0	0	0%
Projects not screened	1	1	1	1%

- introduction of specific rating for environmental and social impacts;
- detailed assessments of EIB Group contributions, including financial, institutional and technical inputs;
- creation of the EV website.

Following a Board debate in 2009, which was enriched by a benchmarking exercise with other international financial institutions, the new Terms of Reference now fully reflect the independence of Operations Evaluation; its working environment is secured with full access to information and the budget has to be approved by the Board separately. *Following on from this discussion, new Terms of Reference for EV were approved by the EIB's Board of Directors and are now published on the website.*

Methodology used

Operations are assessed using EIB evaluation criteria based on an internationally accepted methodology and including an examination of the EIB's contribution and its project cycle management performance. The detailed methodology can be found on the EIB website. Based on its assessments, EV proposes a series of recommendations. The Bank's services comment on these and agree on specific measures that need to be taken.

ii) EV contribution to the mid-term review of the EIB external mandates

In 2009, EV provided a major contribution to the ongoing mid-term review (MTR) of the EIB external mandates to be presented by the Commission to the European Parliament and the Council (European Parliament/Council Decision 633/2009/EC article 9-1). The reports were also presented to the Steering Committee of Wise Persons, chaired by former IMF Managing Director Michel Camdessus.

The specific evaluation programme performed by EV included the following reports available online:

a) a full review of the portfolio of the operations signed under external mandates and facilities (EIB own risk financing) for the period 2000-2008, together with a review of the corresponding EIB strategies.

b) in-depth evaluation reports on a large number of selected individual operations, presented in three distinct summary reports (Candidate and Potential Candidate Countries (C&PC); Neighbourhood and Partnership Countries (N&PC), Asia and Latin America (ALA)).

Beyond the traditional evaluation criteria for project performance, Operations Evaluation systematically highlights and rates the Environmental and Social Performance of the projects under evaluation. It specifically considers two categories: (a) compliance with guidelines, including EU and/or national as well as Bank guidelines at the time of project appraisal, (b) environmental and social performance including the relationship between ex-ante expectations and ex-post findings and the extent to which residual impacts are broadly similar, worse or even better than anticipated.

The projects' social performance varied significantly in direct relation to the size and potential impact of the project. Several projects reported significant positive employment effects.

MTR highlights from a social and environmental perspective

Of the four rating categories, all projects evaluated (see graph next page), except one, were rated in the top two for Environmental and Social Performance, which illustrates that almost all were in line with the relevant guidelines. In addition, they exceed the minimum required mitigation measures to minimise, mitigate and/or compensate for negative impacts and/or show positive environmental and/or social externalities (such as noise reduction, energy savings, positive changes in commuter behaviour, improved education, etc.).

A number of projects stand out with regard to the achievement of environmental and social objectives. Some of the gas projects support the substitution of oil by gas, thereby helping to reduce polluting emissions from power plants currently using heavy fuels. Most larger network projects improve accessibility of the population to either energy or transport, thereby fulfilling an important function. In one larger private sector project, a community programme was launched well before the project start-up to gain the confidence and trust of the local population. The project also used an external consultant to verify its alignment with the Equator Principles, which is a benchmark for determining, assessing and managing social and environmental risk in project financing. One project in the Mediterranean for instance had important social functions by contributing to the population's improved access to both primary and secondary education.

Cooperation and coordination with other IFIs together with appropriate technical assistance, either provided or facilitated by the EIB, have yielded positive project results (see graph on the next page with the results for the Neighbourhood and Partnership Countries, summary report available online).

The analysis and results of EV's contribution to the mid-term review of the external mandates are available on the EIB website.

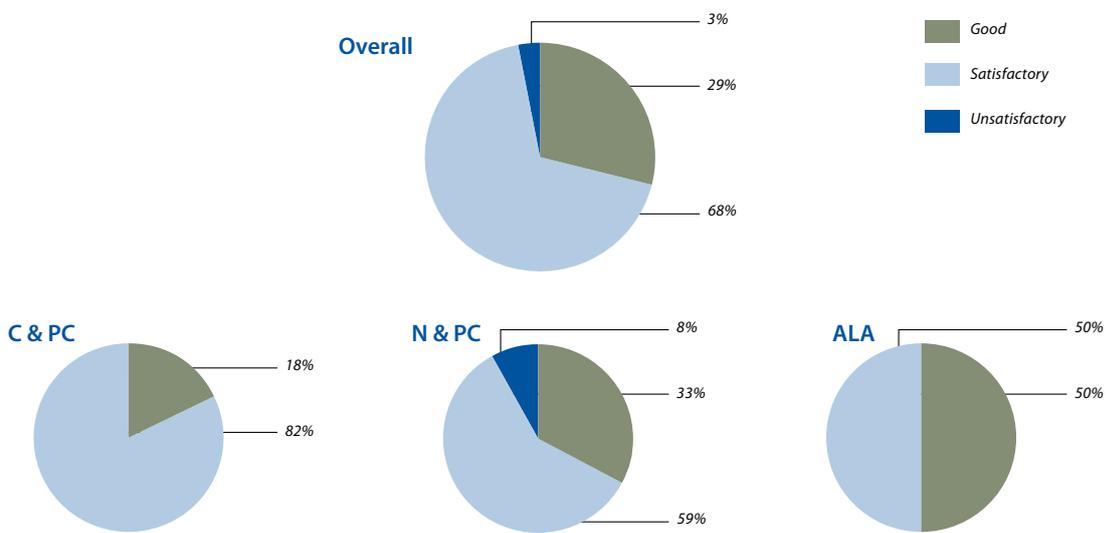
iii) Two other major evaluations

European Financing Partners Agreement

The European Financing Partners (EFP) initiative was created in May 2004 with the double aim of promoting sustainable development of the private sector in ACP States and strengthening co-



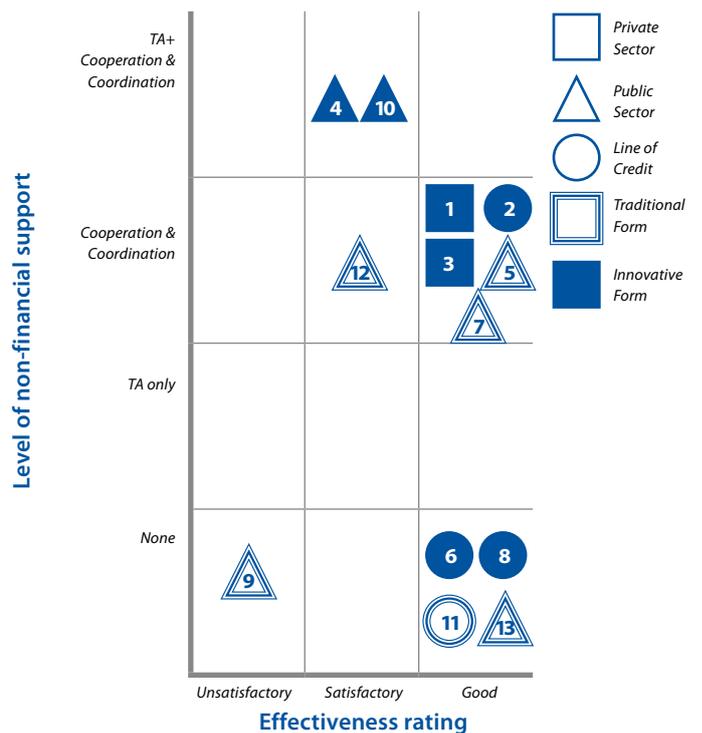
Results of Environmental and Social Assessments in the MTR of the EIB external mandates total and by region



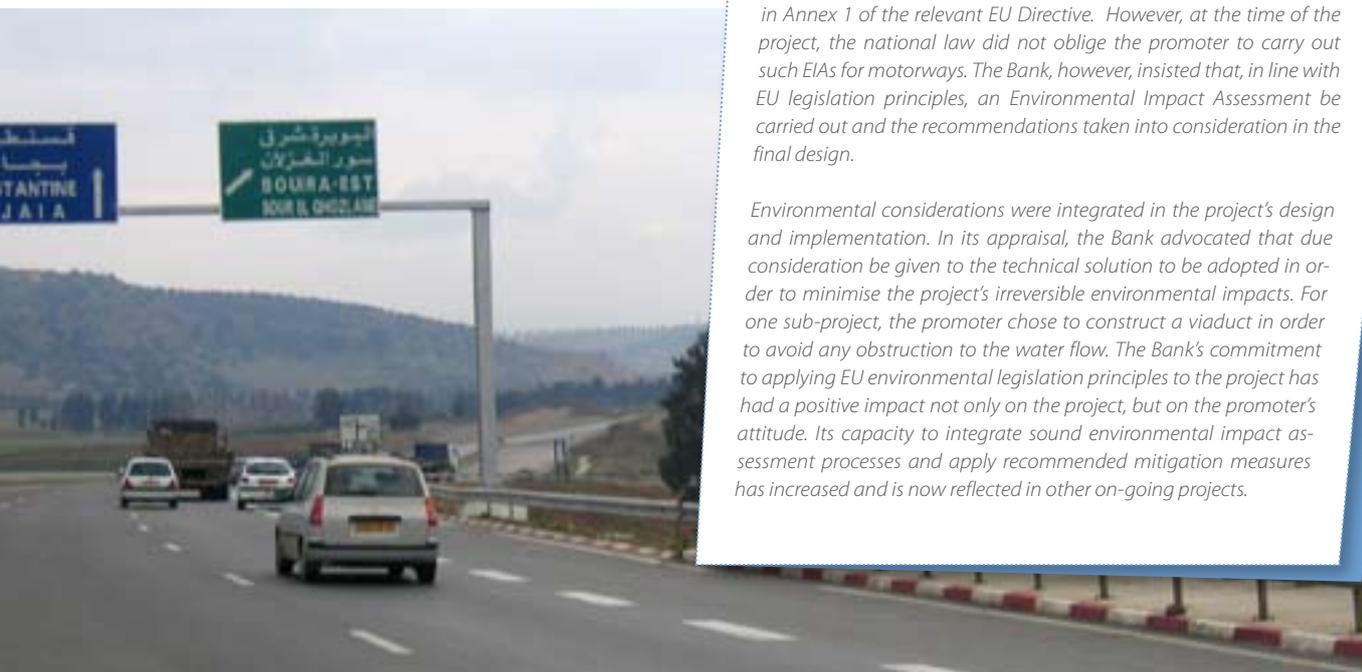
operation between eligible EDFIs and the EIB. The evaluation showed that the EFP initiative is clearly in line with European development cooperation policies and with a number of joint statements on aid harmonisation put forward by the international community. Through its operation, the EFP has proved to be an effective and efficient instrument in strengthening cooperation among partners. In terms of the operations actually financed, the individual evaluations show that, in most cases, they are consistent with EFP objectives and in line with partner countries' priorities. One case called for attention due to the architecture of the operation. While the effectiveness showed mixed results, the efficiency of the projects and the clients was rated positively. Environmental and social impacts were significant, with some first-class cases.

Water and sanitation projects outside the EU

The evaluation assessed the projects against the EV standard evaluation criteria. One methodological feature of this evaluation was the application of the Economic and Social Impact Assessment Framework (ESIAF).



N.B. 1-13 relate to project numbers evaluated.



Motorway project in the Mediterranean

In the EU, motorways are subject to EIAs, as developments listed in Annex 1 of the relevant EU Directive. However, at the time of the project, the national law did not oblige the promoter to carry out such EIAs for motorways. The Bank, however, insisted that, in line with EU legislation principles, an Environmental Impact Assessment be carried out and the recommendations taken into consideration in the final design.

Environmental considerations were integrated in the project's design and implementation. In its appraisal, the Bank advocated that due consideration be given to the technical solution to be adopted in order to minimise the project's irreversible environmental impacts. For one sub-project, the promoter chose to construct a viaduct in order to avoid any obstruction to the water flow. The Bank's commitment to applying EU environmental legislation principles to the project has had a positive impact not only on the project, but on the promoter's attitude. Its capacity to integrate sound environmental impact assessment processes and apply recommended mitigation measures has increased and is now reflected in other on-going projects.



Distribution project in Asia

With the establishment of its stores and a policy of applying the same high quality and environmental standards in any country, the promoter demonstrated the value of know-how transfer to a beneficiary country. The local environmental authorities have indicated that they often use the facilities as a benchmark for building permit/license requirements for new commercial and industrial developments.

In cooperation with a European bilateral agency, the promoter has participated in a training programme for the development of supply chains for the food sector which fulfil certain quality criteria for food safety and contribute to higher income for the farmers and collectors. The programme has raised quality awareness and efficiency throughout the supply chain.



The combined results of all evaluated projects show that almost 60% of these projects were rated satisfactory or better. All projects evaluated were consistent with EU development objectives and in most cases made an important contribution towards achieving the Millennium Development Goals (MDGs). In fact, the vast majority of projects analysed in depth made a satisfactory or better contribution to the MDGs by increasing access of the population to drinking water and improved sanitation.

Since the start of the ESIAF framework, Operations Evaluation has been involved in the set up of ESIAF. In this context, EV endeavoured to assess the economic and social impact from an ex-post perspective for the sample of selected projects in the water and wastewater sector outside the European Union. It was evident from the outset that it would be impossible to clearly benchmark ex-post findings to the ex-ante scenario, since ESIAF had not been applied at the time of appraisal.

The projects were in line with partner country priorities and also fully in line with EIB mandates and policy objectives. The evaluation results demonstrate the strong coherence between the operations financed by the Bank and EU policies translated in the Bank's strategy. Even though EIB evaluation results from water and sanitation projects outside the EU have been mixed, the Bank's presence in the sector is strongly required given the socio-economic importance of the sector, but as water and sanitation projects demonstrate, regular presence, support and follow-up are essential for project success. The EIB plays an important role by way of its financial contribution, but to remedy the difficulties in the sector the Bank has to bring or facilitate a significant non-financial contribution, ideally through technical assistance combined with good donor cooperation and coordination.

iv) Continued cooperation with the Evaluation Cooperation Group (ECG) and other evaluation partners

Since 1996, EV has been an active member of the ECG, whose members include the evaluation teams of other international finance institutions².

The ECG mandate is to improve the efficiency and the quality of the work of its members by publishing Good Practice Standards for evaluation methodology. The Good Practice Standards have been published for the evaluation of both public and private sector operations, for policy lending and for country or programme evaluations. The ECG's work programme also includes Good Practice Standards for the evaluation of technical assistance. ECG members meet formally twice a year, while activities are developed throughout the year in ad hoc working groups.

During 2009, a continued and active dialogue and evaluation cooperation was maintained with other evaluation partners. EV actively participated in European Commission evaluations and coordinated with evaluation teams in the EC. At the same time, further fruitful evaluation cooperation was pursued with other bi- and multilateral partners.

² The World Bank Group, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank and the European Bank for Reconstruction and Development, as well as representatives from the International Monetary Fund, the OECD-DAC (Development Assistance Committee) and the UNDP. Membership was recently opened to the CEB (Council of Europe Development Bank), IFAD (International Fund for Agricultural Development) and the IDB (Islamic Development Bank).

Developing a sustainable economy

Promoting environmental protection

Among the core lending priorities of the EIB in support of sustainable development are the protection and improvement of the natural environment and the promotion of sustainable communities, though many projects are justified for other key EU policy reasons. The EIB aims to add value by enhancing the environmental and social quality of all the projects that it finances and all projects must be acceptable to the Bank in environmental and social terms. In particular, both climate change and biodiversity considerations are integrated into the lending activity of the Bank. The ability of the Bank to contribute positively in these respects is an important element of the non-financial value added that it brings to its projects.

The types of project financed by the EIB for environmental and social reasons, including the Bank's environmental lending target, are described in the 2009-2011 Corporate Operational Plan (COP) and elaborated in sector-specific lending policies. One of the Bank's core environmental lending objectives is to protect and improve the natural environment and to promote sustainable communities, contributing to the development objectives enshrined in the Millennium Development Goals.

To qualify with respect to the environmental lending target, a project must contribute to one or more of the following EU policy objectives as described in the EU Sixth Environment Action Programme:³

- provide an appropriate response to the threat of climate change, through either climate change mitigation or adaptation-related investments, including support for projects in the fields of energy efficiency, renewable energy, cleaner energy and carbon sequestration;

- contribute to sustainable natural resources management, including the protection and improvement of water, air and soil, waste management and protection and enhancement of biodiversity and ecosystem functioning;
- improve the quality of urban life, including the promotion of sustainable communities; and
- safeguard human health by enhancing the natural and built environment.

The EIB proactively seeks to identify and finance projects that add value through the protection and improvement of the natural environment and the promotion of sustainable communities, in all sectors, notably transport, energy, other infrastructure, natural resources, industry and services and urban development, as well as in the field of environmental technology-related research and development.

By financing institutions and investments that encourage transparency, participation and consultation processes, social inclusion, integrated planning and more equitable access to goods and services, the Bank aims to promote greater social well-being.

Overall trends

In general, the proportion of loans for environmental protection and sustainable communities has been on average between 30% and 35% of the Bank's overall lending, both inside the EU and in non-EU countries. Despite the financial crisis, this principle was respected in 2009 with a volume of EUR 25.3bn for environmental loans, up from EUR 18bn in 2008. The table on the next page illustrates the growth in environmental lending over the last five years.

Of total environmental financing in 2009, EUR 23.6bn was invested in the EU and some EUR 1.7bn in third countries, of which EUR 560m in EU Accession Countries, EUR 135m in the Balkans, EUR 450m in Mediterranean countries, EUR 410m

³ The EAP aims to give practical meaning to the objectives of the Treaty of the European Union (the Treaty) of "preservation of the environment, protection of human health, rational utilisation of natural resources and promotion of measures at international level" (Article 174 (1)).



in Asia and Latin America, and EUR 50m in the African, Caribbean and Pacific (ACP) countries.

The main beneficiary sectors of the EIB's reinforced activity in support of the Economic Recovery Package were climate change (EUR 6.1bn), the environment and health (EUR 7.5bn) and sustainable transport (EUR 6.5bn).

The pressure to address climate change is growing every year, creating the need for significant interventions involving private and public sector resources. The EIB is scaling up its lending for mitigation measures, such as reducing greenhouse gas emissions, through increased financing (EUR 12bn of the EUR 30bn additional loans granted in the context of the European Recovery Plan) for renewable energy, energy efficiency, RDI and the development of clean technologies and for helping promoters adapt to the inescapable impacts of climate change, for instance through sustainable access to water. These sectors will be at the heart

Renewable Energy and Energy Efficiency, Barcelona, Spain

This programme will support investments across the Barcelona province and other provinces of the Catalonia region in solar photovoltaic (PV) energy on the roofs of public buildings and on municipal land, as well as investments to improve energy efficiency (EE) in public buildings and in street and traffic lighting. Furthermore, this investment programme will support the EU and national renewable energy and EE objectives. It will also contribute to the objectives of the Commission's Covenant of Mayors initiative, as 71 municipalities of the region have now joined the Covenant and are thus committed to reducing GHG emissions beyond the EU objective of 20% by 2020.

About 70% of the investments will concern solar PV schemes with an estimated annual electricity production capacity of 118 GWh/year, representing an annual emissions reduction of 64 000 t CO₂. Energy efficiency investments will make up the remaining 30% and generate energy savings equivalent to 280 GWh/year, entailing a reduction in CO₂ emissions of around 138 000 t per year.

The programme has the following objectives:

- To place PV installations on roofs of public buildings and on the roofs of other municipal infrastructure (e.g. cemeteries) and on public land
- Investments to improve the EE of street and traffic lighting
- Investments to improve the EE of public buildings
- Use of renewable energy sources in the urban environment, notably solar heaters, biomass, geothermal, etc.
- This programme is also supported by the regional government (Department of the Environment and Housing) and by the Catalan Energy Agency.

Environmental Lending (Investment and Framework Loans) (EUR m)		2005	2006	2007	2008	2009 <input checked="" type="checkbox"/>
Protection of the Environment		5 106	6 292	8 974	8 707*	15 057
	Tackling Climate Change	1 370	2 346	4 513	3 664	6 124
	Natural Resources Management	1 044	1 102	123	837	1 444
	Improving Environmental Health	2 462	2 845	4 337	4 106	7 490
Sustainable Communities		9 132	7 422	7 084	9 279	10 231
	Urban Renewal and Regeneration	1 831	1 948	2 897	2 562	2 685
	Sustainable Transport	5 469	2 591	2 369	5 560	6 509
	Health Care	1 831	2 884	1 818	1 157	1 037
Total Environmental Lending		14 238	13 714	16 058	17 986	25 288
Total EIB Lending		47 377	45 533	47 800	57 888	79 102
Environmental Lending as % of total		30%	30%	34%	31%	32%
Protection of the Environment as % of Total Lending		11%	14%	19%	15%	19%
NB: Renewable Energy		570	524	2 160	2 223	4 633

* In 2008, the "Protection of the Environment" category included KfW funds totalling EUR 100m so that the subcategory total does not add up to the total for the category.



of the Bank's activity in the coming years. A striking example is the four operations in 2009, totalling EUR 143m, under the China Climate Change Framework Loan, for which the EIB estimates that up to 830 000 t CO₂ eq of emissions will be avoided every year once the projects become operational. The projects are as follows: the transformation of the district heating system of the city of Jinan (EUR 31m), the installation of energy efficient lights running on renewable solar energy for the public lighting in Chaoyang City (EUR 29m), the construction of ten small-scale hydropower plants in Yichang City (EUR 44m) and the construction of a sodium carbonate and ammonium chloride plant using the CO₂ currently vented from the existing fertiliser complex (EUR 30m). A further interesting project is helping the Cypriot Government to achieve the EU's renewable energy production objective through the provision of a EUR 65m loan for the Orites wind power farm, near Paphos in Cyprus. This is the first substantial renewable energy project in this country.

The EIB also made a strategic decision to focus on the prevention of biodiversity loss by recognising the need to develop sustainable practices in areas such as forestry. This is illustrated by the Bank's first investment of EUR 30m in a timberland fund  with the objec-

tive of enhancing sustainable forest management and thereby having a positive impact on biodiversity and soil and freshwater conservation, as well as on climate change.

Though climate change is an important COP priority, it is interesting to take a general overview of the investments that were financed under the other lending categories. The following list highlights the more significant projects in each category:

- Under the Renewable Energy heading, wind farms again constituted an important share. In this context, EUR 503m was lent for onshore wind projects in the UK, followed by EUR 300m for the first phase of Belgium's second largest offshore wind farm and EUR 200m for wind farms in Ireland. EUR 250m was lent for RDI focusing on wind turbine design, manufacturing and operation in Denmark and EUR 170m went to increase the capacity of the Hellisheiði geothermal power plant and to the construction of a new geothermal power plant in Hverahlíð.
- Under Waste Management, EUR 195m was lent for the construction and operation of integrated waste management systems in Manchester, UK, and EUR 110m for the construction of a residual municipal solid waste treatment and incineration plant with combined heat and power production in Linz, Austria.
- Various wastewater, sanitation and sewage schemes in Spain and Poland attracted EUR 200m and EUR 246m respectively. The upgrading and extension of water supply and wastewater collection networks throughout Portugal accounted for a further EUR 525m.
- Turning now to the Sustainable Communities group of categories, the urban infrastructure and public spaces category is largely accounted for by a number of framework loans in several EU Member States. Social Housing schemes in Wallonia and Flanders, Belgium, as well as in the UK and France received EUR 450m, EUR 237m and EUR 125m respectively.
- Various urban public transport projects (metros, trams and other rail) were financed right



Integrated Waste Management System for Manchester, UK

The EIB is lending GBP 182m (EUR 200m) to assist the Greater Manchester Waste Disposal Authority to build and maintain an integrated waste management service for the treatment and disposal of municipal waste. The project will be structured as a partnership between the public and private sectors and the EIB will make loans to Viridor Laing (Greater Manchester) and Ineos Runcorn TPS, the two special purpose vehicles established to manage this project.

The successful implementation of the Greater Manchester Waste project will have a positive environmental impact on the communities living in and around Manchester, because it will allow for the phasing-out of the practice of landfilling untreated waste. Moreover, by adopting an integrated waste management service, Greater Manchester aims to increase recycling and composting levels in the region, which historically have been low compared to the national average.

The project will contribute directly to the UK's commitment to achieving 50% recycling/composting and a 65% diversion from landfill by 2020 in accordance with EU requirements. This is of particular importance for Greater Manchester as it is the largest of England's six statutory waste disposal authorities, responsible for the treatment and disposal of around 1.4 t/year of municipal solid waste, serving a total population of 2.23 million and accounting for 5% of national waste. As a result, the EIB's participation in the financing programme has been particularly welcomed by the UK Department for Food, Environment and Rural Affairs (DEFRA). In addition, the project boasts high energy efficiency as the proposed Energy from Waste (EfW) plant which will form part of the project will produce steam and electricity that will be used by the near-by Ineos/Runcorn chemical site.

The Greater Manchester Waste project is one of the first examples of a partnership between public and private partners in the waste sector.

The implementation of such an integrated waste management scheme will have an overall positive environmental impact on the communities living in and around Greater Manchester, as levels of recycling and composting will be increased and the amount of waste sent to landfill reduced. Meeting the reductions targets for biodegradable waste going to landfills as set out in the EU Landfill Directive is one of the key objectives of the project.

across the Member States, including in London, EUR 1.14bn; Paris, EUR 500m; Lyon, EUR 350m; Bucharest, EUR 395m; Barcelona, EUR 200m; Bilbao, EUR 125m and Madrid, EUR 77m.

- In the Other Sustainable Transport category, there are the high speed railway line in sections of the Lower Inn Valley, Austria, at EUR 400m, construction of the high-speed railway link between Seville and Antequera, Spain, at EUR 200m, and port expansion projects in Barcelona and Duisburg at EUR 150m and EUR 60m respectively.
- Finally, the most notable projects under the Health heading are the financing of the national investment programme of the Czech Republic in the areas of health and social protection at EUR 284m, the construction and upgrading of healthcare facilities throughout Northern Ireland at EUR 137m, the construction and modernisation of hospitals in Marseille and Metz totalling EUR 110m and

the construction of hospitals and various other health-related investments in Spain amounting to EUR 417m.

Outside the EU the more notable projects include:

- a loan of EUR 166m for the construction of water extraction and transport systems to supply drinking water in Jordan; EUR 40m for the modernisation of drinking water facilities in Cameroon; EUR 70m for a wastewater treatment plant, sewerage network and sea outfall in Lebanon; EUR 70m for water supply and wastewater schemes in Egypt; and EUR 18m for the reduction of the pollutant load discharged into the Baltic Sea, Russia.
- renewable energy projects such as run-of-river hydropower plants in Panama, EUR 141m; a large-scale onshore wind farm on the Red Sea coast of

Egypt, EUR 50m; a wind farm in Southern Turkey, EUR 30m; four framework loans financing renewable energy, energy efficiency and pollution abatement investments in Turkey, totalling EUR 225m. Renewable energy investments under dedicated framework loans in Pakistan, EUR 100m, Vietnam,

EUR 45m, South Africa, EUR 40m, and a loan of EUR 119m for reforestation schemes and repair of irrigation reservoirs in earthquake-damaged areas in China were the main focus of EIB lending in Asia and South Africa for climate change-related investments.

Environmental Lending (investment and framework loans), 2009 (EUR m)

	Member States	Accession States	Other Countries	Total
Protection of Environment	13 663	265	1 129	15 057
Tackling Climate Change	5 284	265	575	6 124
Significant reduction of CO ₂ levels	4 849	265	575	5 689
Significant reduction of other GHGs	335			335
Other mitigation and adaptation activities	100			100
Natural Resources Management	1 283		161	1 444
Protection/improvement areas of nature conserv.	12			12
Protection and management nat. resources	368		57	425
Nat. disaster prevention and alleviation	399		62	461
Measures to improve eco-efficiency	27			27
Waste management	477		42	519
Improving Environment and Health	7 097		393	7 490
Reduction of industrial pollution	160		3	162
Reduction of transport pollution	3 570			3 570
Drinking water and wastewater treatment	3 367		391	3 758
Sustainable Communities	9 798	293	140	10 231
Urban Renewal and Regeneration	2 637		48	2 685
Urban infrastructure and public spaces	1 435		43	1 478
Other urban renewal/regeneration	66			66
Cultural heritage	220		5	225
Social housing	916			916
Sustainable Transport	6 123	293	93	6 509
Urban public transport	3 571		15	3 586
Measures to reduce negative urban impact	138		78	216
Other sustainable transport	2 414	293		2 707
Health Care	1 037			1 037
Total Environmental Lending	23 461	558	1 269	25 288
Total EIB signatures in regions in question:	70 505	3 063	5 534	79 102
Environmental Lending as % of Total Lending:	33%	18%	23%	32%



The EIB's commitment to tackling climate change

General context

According to the Fourth Assessment Report of the UN Intergovernmental Panel on Climate Change the warming of the climate system during the past 50 years is unequivocal and almost certainly due to a human-induced increase in atmospheric greenhouse gas (GHG) concentrations. Continuing on the current emission path will more than double atmospheric concentrations of GHGs and is likely to result in a temperature rise of 4-5° C above pre-industrial levels by the end of the century.

As temperatures rise, the impacts of climate change increase. Extreme weather events such as major floods and heat waves would increase. While impacts are expected all over the world, developing countries, and the poorest amongst them, are especially vulnerable to climate change because of their geographic exposure, low incomes, and greater reliance on climate sensitive sectors such as agriculture, forests and fisheries.

The European Union supports the internationally recognised scientific view that the increase in global average temperature ought not to exceed 2°C. This implies a significant stabilisation of emissions and requires strong mitigation efforts by institutional, as well as individual, actors. The EU has set itself a very ambitious climate reduction target entailing a unilateral 20% greenhouse gas emissions reduction by 2020 compared to 1990 levels. Furthermore, the EU is committed to ensuring that by 2020 20% of overall EU energy consumption will come from renewable energy sources and energy efficiency is increased by 20%.

The EIB is committed to supporting the EU policy action promoting global efforts to keep long-term atmospheric concentrations of greenhouse gases within safe levels. For some time now, the Bank has been putting in place a number of policies, proc-

esses and products and gradually building up its human and financial capacities to confront the challenge of climate change. The Bank has adopted a comprehensive framework of action to integrate climate change considerations at all levels of its activity, from general policy choices to the appraisal of specific projects.

Climate change-related objectives

From a general policy perspective, the EIB ensures that its corporate objectives, targets, principles and standards are aligned with the EU and evolving international climate policy. The EIB's Statement on Environmental and Social Principles and Standards reflects climate change considerations. In addition, the Bank's Corporate Operational Plan provides for the continued integration of climate change into EIB policies, practices and activities. As of 1 January 2010, climate change has been introduced as a key performance indicator, meaning that the EIB will be measuring and reporting on its lending for climate change. According to the Corporate Operational Plan, lending for climate change projects will amount to 20% of total lending in 2010, 22% in 2011 and 25% in 2012. Lending for climate change projects, both inside and outside the EU, amounted to approximately EUR 17bn in 2009.

Sector lending policies

The sector lending policies detailed in the box include an appropriate emphasis on reducing greenhouse gas emissions, in particular as far as energy, water, transport, waste, RDI and forestry are concerned. This means that the EIB, through its requirements and conditions imposed on project promoters, is fostering the development of renewable energy sources, the achievement of efficiency gains in energy and water use, the diffusion of cleaner modes of transport, the use of waste as a renewable fuel source, and the development as well as commercialisation of climate-friendly technological innovations and biological carbon sequestration through afforestation and reforestation activities.





The EIB sector lending policies addressing climate change issues

Energy

Energy has been considered a corporate priority since November 2006 and, in June 2007, Clean Energy for Europe, the EIB's revised energy lending policy, was adopted in order to support the ambitious energy and carbon targets adopted by the EU in March 2007.

Lending for renewable energy in the EU grew from EUR 2.2bn in 2008 to EUR 4.2bn in 2009, while lending for projects involving improvements in energy efficiency totalled EUR 730m in 2008 and EUR 1.5bn in 2009.

Recognising that energy efficiency is the most cost-effective way of reducing emissions and improving the security of energy supply, the EIB systematically screens projects to identify energy efficiency opportunities, requires the use of best available technologies in terms of energy efficiency, and ensures that energy efficiency considerations are fully mainstreamed in the appraisal of its projects. For example, the Bank will only finance new coal and lignite power stations when they replace existing ones and provide for a decrease of at least 20% in carbon intensity.

Water

According to the revised lending policy for the water sector, the EIB requests promoters to consider cost-effective mitigation measures at master planning and infrastructure design stages, supports measures aimed at achieving a water-efficient and water-saving economy, including the promotion of energy efficiency, and seeks to capture and reduce methane and other GHG emissions from biological water treatment plants, promoting their use as alternative energy source.

Since most climate risks are linked to water, such as floods, sea level rise and drought, this is a key sector for adaptation. The policy aims to establish adaptation as an area of activity alongside mitigation. This involves requesting promoters to consider cost-effective adaptation measures at master planning and infrastructure design stages and using existing technical assistance mechanisms to support promoters in the implementation of integrated and comprehensive climate change risk assessments.

Transport

The EIB revised its transport lending policy in 2007, emphasising the importance of promoting climate change-friendly modes of transport, such as railways and urban public transport, inland modal shifts and waterways. Emphasis is given to RDI activities such as engine and fuel technologies that improve energy efficiency and reduce emissions and to energy-efficient smaller cars.

Waste

Recently, the EIB has accorded solid waste management projects higher priority in its Corporate Operational Plan. The EIB's work in the new Member States will help achieve EU GHG emission reduction targets and in some cases also lead to power and heat generation from a partly renewable energy source.

RDI

The Bank supported the Lisbon Strategy right from the start, first with its "Innovation 2000 Initiative" and then with the "Innovation 2010 Initiative". The EIB has gained significant experience with innovative technologies and manufacturing processes, notably with photovoltaics, off-shore wind, concentrated solar power and second-generation biofuels. To provide focus, the EIB will prepare and accelerate a specific lending policy for Renewable Technologies, intended to support the development of this particular area.

Forestry

The Bank supports EU objectives in the area of biological sequestration, including afforestation, reforestation, forest and cropland management, avoided deforestation, reduced tillage, revegetation, and other type of projects that contribute to mitigating climate change by sequestering or conserving carbon.

Specific financial instruments and technical assistance

The third area of action concerns the development of financing instruments and technical assistance for renewable energy and energy-efficiency projects and in particular for SMEs and municipalities. The Bank has widened the range of facilities available for energy efficiency, in order to accept a slightly higher risk profile than that of ordinary EIB loans.

The Bank finances the accelerated development, commercialisation and diffusion of cost-effective low-carbon technologies. Some examples are photovoltaics, off-shore wind, concentrated solar power, second-generation biofuels, improved efficiency electronics, and low-emission car engines. An innovative and critical technology is carbon capture and storage, which consists of the capture of CO₂ from coal and gas power plants and its storage in geologically stable reservoirs. The Bank is actively supporting the very first projects based on this innovative technology.

The EIB is currently scaling up lending and technical assistance in the water and other vulnerable sectors and constituencies where adaptation is urgently needed. In 2007, it was decided that climate change mitigation and adaptation projects may now benefit from up to 75% financing, rather than the usual 50% cap, and longer loan maturities. The Bank has acquired significant experience already with stand-alone adaptation projects particularly in the water and infrastructure sectors. Support is also regularly provided to clients by sector specialists, as well as through best practice handbooks and guidelines, including the Flood Risk Management Guide recently published on the Bank's website. Building on already acquired experience, the Bank is gradually mainstreaming climate risk management across the standard project cycle with a view to systematically and consistently screening projects for climate risks.

Carbon market

As the largest supranational lender, the EIB has a major role to play in the mobilisation and leveraging of private sector finance for low-carbon growth in developing and middle-income countries. This entails both energy efficiency and renewable energy investments, including the transfer of European technologies that reduce costs and increase reliability. In addition, the EIB is expanding its product range in order to enhance its role in support of the carbon market. In collaboration with the EBRD, KfW, WB, CDC and other public and private partners, the Bank has established a diversified selection of carbon funds. Looking forward, the Bank's involvement in this field is intended to promote the existence of strong, liquid international and regional carbon markets, particularly for the post-2012 period. The EIB is also working to enhance the supply side of the carbon market, including initiatives to attract technology transfer to countries and regions that have seen a lower share of carbon market flows to date. This also includes technical assistance to provide the Bank's borrowers with better access to carbon markets.

Knowledge sharing on climate change issues

As a necessary complement to its external activities, the Bank is putting in place a number of practices and gradually building up the necessary management structure, staff capacity and awareness to continue mainstreaming climate change considerations into its operations. The most recent initiative, where the EIB is leading the way, is the assessment of greenhouse gas emissions induced by the projects financed by the Bank, with a view to measuring the EIB's carbon footprint. Other practices are already well established; these include integrating the costs of carbon emissions from thermal power generation projects in the calculation of their economic rate of return, assessing the carbon impact of road projects by measuring the carbon emissions of the vehicles that will use them, screening projects to identify energy-efficiency opportuni-



ties and components and screening early-stage projects to identify opportunities to generate carbon credits under the Kyoto mechanisms. Technical assistance is also provided to promoters to prepare and take these opportunities to market.

As climate change is a global issue that can only be effectively addressed through collective action, the EIB places great emphasis on cooperation with the other multilateral and bilateral financing institutions. As far as adaptation is concerned, during the UNFCCC COP 15, held in December 2009, a side event was organised, in collaboration with the European Commission, AFD, EBRD and KfW, on the financial needs for adaptation and the role of European Funding Institutions. As a follow-up to this event, a working group is being set up to share knowledge on good practice in adaptation projects and internal policies in order to explore the potential for harmonising approaches. As regards climate change mitigation, the EIB is in contact with other financing institutions with a view to sharing and exchanging information and good practices relating to the assessment of project-induced carbon footprints.

Promoting renewable energies, energy efficiency and climate change mitigation

The EIB's activities in the energy sector support the achievement of key EU objectives:

- environmental sustainability – to reduce the negative impact of energy production and consumption on the natural environment, particularly through reduced CO₂ emissions, but also through cleaner energy in general;
- competitiveness in energy supply – a key consideration for the economic development of the European Union given the central role played by energy in the modern economy; and
- security of supply – by promoting diversified sources of energy and increasing the share of internal supplies in overall energy provision, but also by reducing Europe's dependence on external supplies and the potential impact of the many

Fostering energy efficiency at the local level - European Local Energy Assistance (ELENA)

Sustainable energy and, in particular, energy efficiency represent a significant investment potential to be realised mostly at local level, bringing benefits for local economies, improving the quality of life of citizens and mitigating climate change. The EU Energy Efficiency Action Plan included, among other priorities, the commitment of signatory cities to go beyond the EU's 20% target through the implementation of Sustainable Energy Action Plans.

In order to facilitate the mobilisation of funds for investments in sustainable energy at local level, the European Commission and the European Investment Bank have established the ELENA technical assistance facility. Its support covers up to 90% of the costs associated with technical assistance for preparing large sustainable energy investment programmes in cities and regions which may also be eligible for EIB funding.

Many EU cities and regions have recently started to prepare large energy efficiency and renewable energy proposals to tackle energy and climate change challenges. However, most of them are still at the conceptual stage and their implementation is proving difficult because many regions and cities, particularly medium to small ones, often do not have the technical capacity to develop large programmes in this area. ELENA aims to help public entities solve these problems by offering specific support in order to facilitate the implementation of investment programmes.

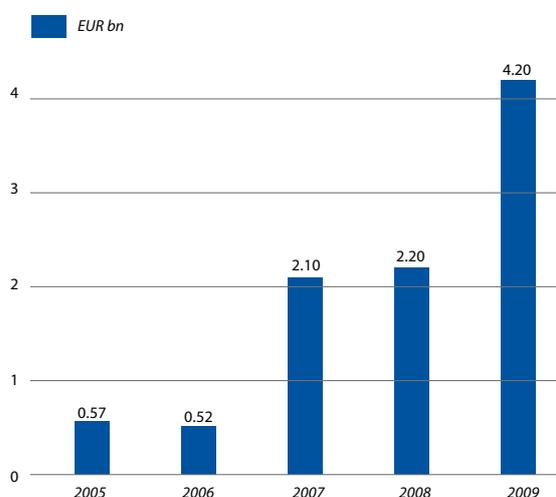
Some examples of investment programmes, the development of which can be supported by ELENA, are energy efficiency in public buildings, development of solar energy in public buildings and clean and energy-efficient public transport in cities. Once the investment programmes, as well as the barriers to their implementation have been identified, local public authorities can request assistance to review existing information, to develop business plans to attract private sector investments and to launch a tender process.

international risk factors that affect the energy market.

The Bank has integrated energy as a key objective in its Corporate Operational Plan, and has widened the range of financial instruments available. It has substantially stepped up its energy lending, reaching EUR 10.2bn in 2008 and EUR 14.7bn in 2009.

Renewable energy (RE) is a major priority for the EIB in its pursuit of a "greener" energy sector as well

EIB lending for renewable energy (2005-2009) ✓



as economic and employment growth. Since 2004, EIB loans for RE projects have an increased threshold: 43% to 70% of the Bank's total power generation lending. The Bank has also set a minimum floor so that at least 20% of future energy projects in the EU should concern the renewable sectors. Moreover, although the Bank normally finances up to a maximum of 50% of a project's investment costs, it may lend higher percentages (up to 75%) for RE projects and projects making a significant contribution to energy efficiency. Furthermore, in the analysis of the economic feasibility of energy related investments, the Bank quotes the price of a tonne of CO₂ at EUR 50 compared to the current market price of around EUR 16 per tonne.

In this framework, it is important to stress that the Bank doubled its RE lending in 2009 (more than EUR 4.2bn) compared to 2008 (more than EUR 2.2bn), thus considerably boosting financing in this sector in an extremely difficult economic environment.

The EIB has also stepped up its activities in support of Energy Efficiency (EE) and Renewable Energy (RE) programmes developed by local and regional authorities, in particular under the Covenant of Mayors initiative, launched in February 2009 to provide public buildings, street lighting and clean public transport solutions. The Bank contributes to this initiative through increased lending to urban environment projects developing EE and RE potential and the management of a project development facility (ELENA – European Local Energy Assistance). With a EUR 15m budget administered by the EIB, ELENA supports the preparation of large sustainable energy investment programmes in cities and regions, which may also be eligible for EIB co-financing.

The Bank's role in supporting RE development has been widely recognised, as witnessed by the awards which the EIB received in 2009, in particular "Renewable Lender of the Year"⁴, "Best Finance House Renewables Europe"⁵ and "Multilateral of the Year"⁶. Specific projects financed by the Bank also received awards from major specialist magazines and publishers⁷.

Contribution to climate change mitigation outside Europe

In 2009, the EIB financed eight projects in the renewable energy and energy efficiency sectors outside Europe for a total amount of EUR 412m. This represents 80% of the operations signed in the energy sector outside Europe. ✓ For three operations the greenhouse gas emissions can be quantified ex ante at appraisal. Their relative emissions (carbon footprint) – i.e. contribution to climate change mitigation – are calculated as the difference between their absolute emissions and the emissions in a without-project

⁴ Prize awarded by Euromoney and Ernst & Young.

⁵ Prize awarded by Environmental Finance magazine.

⁶ Prize awarded by PFI (Project Finance International).

⁷ In particular: Osmaniye wind farm – "Onshore Wind Farm Deal of the Year" awarded by Euromoney; Belwind – "Best Power Deal of the Year" awarded by Environmental Finance magazine and PFI.



scenario (baseline emissions). They amount to a reduction of 754 kt CO₂ eq per year. Details of the loans are given below:



"Best Finance House Renewables Europe" Award

In the December 2009/January 2010 issue of *Environmental Finance Magazine*, it was announced that the EIB had won the "Best Finance House Renewables Europe" title following the tenth Annual Market Survey of the *Environmental Finance and Carbon Finance* readership, with *Crédit Suisse* as runner-up. This title is one of four, "Best Project Developer", "Best Finance House", "Best Advisory Firm" and "Best Law Firm", in *Renewables Finance in North America and Europe*.

The *Environmental Finance and Carbon Finance Annual Market Survey* is labelled as the oldest and best-established in the environmental markets. It is conducted by e-mail to companies, who are asked to nominate the leading banks, brokers and service providers in emissions markets, weather and catastrophe risk and renewable energy finance.

Country	Project name	Project Description	Loan amount* in EUR m	Annual emission reductions in kt CO ₂ eq	Carbon intensity in kg CO ₂ eq per EUR signed
South Africa	RMB Energy Efficiency FL		40	n/a	
Vanuatu	UNELCO Wind Power	2.75 MW wind farm on the island of Efate	4	-4	-1.0
Egypt	Wind Farm Gulf of El Zayt	200 MW wind farm at Gabal El Zait on the Red Sea coast	50	-400	-8.0
Nicaragua	Hydro Refurbishment and Transmission	Hydropower plant refurbishment	6		
Panama	Dos Mares Hydroelectric Plant	118 MW run-of-river power plant in Chiriqui Province	141	-350	-2.5
Pakistan	Renewable Energy FL		100	n/a	
Vietnam	Climate Change FL		67	n/a	
Kenya	Olkaria II Extension B	Geothermal energy	4	n/a	
* for Nicaragua only the renewable energy component and for Vietnam only the climate change mitigation component					
Total				-754	

For Framework Loans the relative carbon footprint can only be quantified when individual allocations are appraised. Framework Loan allocations approved during 2009 have contributed another 1 499 kt CO₂ eq per year to the negative carbon footprint of EIB financing outside Europe. Details of the allocations for projects located in China are given in the table below.

To allow comparisons, the volume of emission reductions of each project has been correlated with the amount of the loan/allocation. The resulting figure gives the kg of CO₂ avoided per EUR signed. This carbon intensity indicator varies from 1 to 11 for the projects with an average of just over 4 kg CO₂/yr per EUR signed.



Project Description	Allocation amount in EUR m	Annual emission reductions in kt CO ₂ eq	Carbon intensity in kg CO ₂ eq per EUR signed
Establishment of 31 805 ha of multi-functional forest	25	-280	-11.2
Establishment of 29 374 ha of " bio-energy" forest	25	-60	-2.4
4 wind farms with a total capacity of 254 MW	135	-400	-3.0
Energy-efficiency and pollution reduction equipment in a coking plant	35	-130	-3.7
10 small-scale hydroelectric power plants in Hubei province	44	-150	-3.4
Upgrading of fertiliser production facilities to reduce atmospheric emissions and improve energy efficiency	30	-206	-6.9
Installation of photovoltaic urban lighting in Chaoyang urban area in Liaoning province	29	-90	-3.1
Improvement of energy efficiency of a district heating and power plant in Jinan city	31	-183	-5.9
	354	-1,499	-4.2



Construction of a wind farm, Vanuatu

The EIB has provided a EUR 4.3m loan and interest rate subsidy for the country's first wind farm. The EIB's contribution represented 75% of the project cost, a higher than usual share, as envisaged under the Bank's climate change strategy. It comprises ten new wind turbines designed to be winched to the ground when required for maintenance or to avoid wind damage in the event of a tropical cyclone. The project marks an important step in diversifying sources of electricity supply and reducing dependence on expensive fossil-fuel imports, as well as cutting the cost of maintaining generators and reducing CO₂ emissions. Lower costs will be passed on to consumers through lower tariffs. Moreover, particular attention has been paid to ensuring that no environmentally protected zones or areas of cultural significance are affected by the project and to minimising any risk of birds being hit by the wind turbines. The wind farm will also provide local employment and help to improve the environmental image of the country.

Promoting research, development and innovation for sustainable transport

The European Clean Transport Facility (ECTF) is supporting investments in research, development and innovation that are intended to reduce emissions and increase energy efficiency in the European transport industry as part of the global effort to mitigate climate change. With a volume of EUR 4bn per year in 2009 and 2010, the ECTF is a major EIB financing programme that targets the automotive (manufacturers/suppliers), railroad, aeronautics and maritime industries. The ECTF also reinforces the European Union's initiative to establish a competitive knowledge-based economy and is fully consistent with the EIB's policy of financing research and innovation as a priority.

The ECTF was primarily designed to enhance the investment capacity of corporate borrowers of any size and ownership. Eligible investments, in addition to research, development and innovation, include those aimed at emissions reduction, as well as those related to prototyping and new tooling for the market launch of green technologies. Further-

more, ECTF financing may be used to support the upgrading of existing or investment in new production facilities, as long as these do not result in a net capacity increase and help to exceed the EU requirements for CO₂ emissions of passenger vehicles in line with the Bank's transport lending policy. Complementary measures aimed at achieving ECTF objectives, such as investments in infrastructure for electric vehicles are also eligible.

To achieve these objectives, the EIB deploys a full range of financial instruments, such as long-term senior investment and structured loans, or provides venture capital in conjunction with the EIF. In addition, support from the European Commission, in particular through the RSFF (Risk-Sharing Finance Facility) mandate, helps the Bank to extend its financing to higher risk, higher value added projects. The Bank's financing includes a risk pricing component according to the risk profile of the transaction.

Since the ECTF was introduced, the EIB has approved loans of around EUR 6bn, mostly for investment programmes in the automotive industry, but also in other transport sectors, notably the aeronautics industry. ✓

Sustainable communities

The EIB aims to support and foster the principle of sustainable urban development in accordance with the 2007 Leipzig Charter in order to make European cities better places to live and work in. The Leipzig Charter flags up the need for integrated urban planning; the importance of the quality of buildings and spaces as a tool for promoting social cohesion; the critical role of infrastructure networks for city performance and competitiveness; the need for higher energy efficiency, with an emphasis on buildings and the promotion of efficient and affordable public transport; and the importance of proactive, innovative, educational and social cohesion policies. In 2009, EIB support for projects in the urban development field designed to meet environmental and social cohesion objectives reached some EUR 7.5bn, as follows:

- The EIB has been particularly active in the urban transport sector. In the recently presented Action Plan for Urban Mobility, the Commission directly raises awareness of the role the EIB is playing by providing funding opportunities for the development of sustainable urban public transport. In 2009, EUR 3.5bn was devoted to this sector, representing an increase of 24.5% on 2008 figures.
- Following the common European “Acquis urbain”, the EIB promotes the use of an integrated approach, especially when contributing to capital expenditure in urban areas in the context of municipal loans. Last year, EIB finance for urban infrastructure schemes and social housing amounted to more than EUR 3bn and EUR 1bn respectively.

The Bank is continuing to develop the “Medinas 2030” initiative, which focuses on the rehabilitation of historical centres in the Southern Mediterranean countries. This initiative forms part of the remit of the Joint Platform for the Mediterranean in Marseille (MCMII), which brings together major IFIs. Its objective is to preserve the cultural traditions of Medinas while simultaneously promoting a better

quality of life for the local residents in both economic and social terms.

Since urban areas account for approximately 70% of the total primary energy demand of the EU, and urban energy consumption is projected to increase at twice the rate of the EU as a whole, it is self-evident that cities must play a leading role in achieving EU energy-efficiency and climate change objectives. In this area, the EIB has taken a step forward and is already ensuring technical advisory cooperation through the European Local Energy Assistance (ELENA) facility. From the operations identified so far, it is expected to obtain a leverage between the ELENA grants and total forthcoming related investments of at least 150, which should mobilise more than EUR 2bn in the medium term.

Ensuring social development

The EIB’s approach to financing urban water supply outside the EU

The financing of urban water and sanitation infrastructure is a core part of the EIB’s activities both within the EU and outside. As highlighted in a sector report by the Bank’s Operations Evaluation Division, published in September 2009 (available on the website), the challenges for water and sanitation projects outside the EU are typically very significant. In many cases, periods of under-investment have left infrastructure in a poor condition; consumers’ ability to afford drinking water at cost-covering tariffs is limited; water utilities sometimes lack sufficient financial autonomy and may only have limited technical capacities; and the policy and institutional framework is not always sufficiently coherent to foster service improvement and infrastructure development in the water and sanitation sector.

Experience shows that, under these conditions, lenders have to be patient – accepting long gestation periods and offering disbursement periods matching the pace of project implementation – and



Valeo, France: an outstanding example of EIB-financed research, development and innovation for sustainable transport solutions

The European Investment Bank granted financing of up to EUR 300m to Valeo for its current research programme designed to reduce the fuel consumption and CO₂ emissions of new generation cars and improve active safety. The programme consists of a large number of projects that cover fuel efficiency technologies such as concepts for mid-sized and micro hybrid powertrains and the development of electrical and control systems for electric and hybrid vehicles as well as efficient transmission systems. Another part of the investment targets active safety technologies, including assisted viewing, crash avoidance and advanced lighting systems. The total research investment of Valeo for this programme is EUR 645m. The market launch of the new technologies is planned for around 2013.

The main purpose of this EIB operation is to enable leading technology providers in European industry to continue and accelerate their research programmes for new vehicle technologies that will have a positive effect on the long-term sustainability of transport. The long maturity of the loans under ECTF are tailored to the requirements of the promoters and underline the importance that the EIB attaches to stimulating long-term investments in areas that will benefit future generations.



flexible. They have to provide assistance going beyond the mere provision of finance for infrastructure works. Their involvement must actively contribute to ensuring that investment projects are properly planned and executed, that infrastructure development addresses the most urgent needs of the population and forms part of a coherent national strategy, supported by the Government and public administrations, and, last but not least, that lenders' assistance is deployed in the most efficient manner.

The case of CAMWATER (Cameroon)

The EIB therefore tends to adopt a holistic approach to water projects outside the EU, as illustrated by the CAMWATER operation. CAMWATER (Cameroon Water Utilities Corporation) is the asset-holding company owned by the State of Cameroon. It was created in 2005 as part of a far-reaching institutional reform which led to the delegation of drinking water production and supply to a private compa-

ny in charge of operating the publicly-owned infrastructure. The project co-financed by the EIB consists of the construction and rehabilitation of water treatment plants and upgrading of transport, storage and distribution facilities in Yaoundé and three provincial towns (Edéa, Bertoua and Ngaoundéré). The Bank's approach is based on the following:

- existence of a national strategy for the water sector, defined in connection with the institutional reform, translating into firm commitments by the Government of Cameroon to support water infrastructure development and apply cost-covering water tariffs;
- existence of a sound legal and institutional framework centred on a concession contract between the Government and CAMWATER and a lease contract with the private operator and also providing for various control and monitoring systems;

- offer of long-term financing at subsidised interest rates by all lenders, which helps to reduce the pressure on consumer tariffs resulting from the sizeable infrastructure development programme; the EIB provides interest subsidies under the Cotonou Investment Facility;
 - capacity building and expertise: as a recently created company that has to manage a considerable number of new projects simultaneously in order to fulfil the national sector strategy, CAMWATER requires external expertise and needs to build up its in-house capacity in areas such as project assessment and planning, environmental impact management, financial modelling, and asset administration. The main financing partners, including the EIB, will provide grants in support of these activities. The Bank will also finance a study to be undertaken on behalf of the Government with a view to reducing the water consumption of public administrations, as well as feasibility studies for developing the still insufficient capacities for wastewater discharge and treatment;
 - lender coordination: the Bank undertook its project due diligence jointly with AFD and in close consultation with other financiers, notably the World Bank, and will continue to make use of opportunities for task-sharing between lenders during the project implementation phase. The lending institutions apply the same sector-specific conditionality, which facilitates loan administration for CAMWATER.
- By 2015, the project should enable some 180 000 additional consumers to be supplied with safe drinking water, of which about 50 000 in the provincial towns. It will pave the way for further improvements to the water supply in Cameroon towns in the future, in keeping with the country's Millennium Development Goals.



Bulk water pipes to be rehabilitated as part of the CAMWATER project



Microfinance

The EIB has a long-standing record in ensuring social development through the promotion of microfinance projects. The Bank supports microfinance institutions and microfinance intermediaries, such as Microfinance Investment Vehicles (MIVs), in addressing specific market failures and providing financing solutions to micro, small and medium-sized enterprises (MSMEs) and the low-income self-employed.

One of the Bank's key areas of focus consists of measures to develop the sustainability of the sector. In addition to providing financial instruments, the Bank offers expertise and guidance to its intermediaries through various means, including corporate governance representation and technical assistance funding. Since 2008, the Bank has conducted a total of ten microfinance technical assistance operations, with a view to addressing weaknesses in human resources management and operations, information technologies, governance, internal audit and risk management procedures. In this way, the EIB reinforces the efficiency and scope of its projects and accompanies microfinance institutions in their efforts to achieve profitability. The EIB has also contributed to the implementation of various market and feasibility studies, which helped assess the state of the demand for microfinance. For instance, in 2007, the Bank was requested by Sanabel, the microfinance network of Arab countries, to prepare a study examining the economic and social impact of microfinance in the Mediterranean region. The study, available on the EIB website, was financed under the FEMIP Trust Fund and presented at the Sanabel Conference on Microfinance, which brought together more than 400 participants in Tunis on 5 May 2008.

Another key objective of the Bank is to increase the provision of financial services to the poorer and most isolated segments of the population. In 2009, the Bank promoted a number of microfinance projects reflecting this aim, such as Leapfrog

and Rural Impulse II. Leapfrog is dedicated specifically to providing finance to companies that offer microinsurance products and services, such as life and non-life insurance, to the poor and socially disadvantaged clients. Rural Impulse II is intended to support worldwide microfinance institutions with a strong rural client base. The Bank also made a substantial effort to provide continuous support to its intermediaries, which aim to create networks of new microfinance institutions in developing countries. Advans, MicroCred and Access Microfinance Holding plan to establish up to two new microfinance institutions a year in developing countries, where financial services are virtually non-existent. These projects are typical examples of the Bank's vital effort to extend the availability and expand the range of financial means to the underserved.

In 2009, as a particular area for concern, the Bank closely followed the development of the financial crisis to limit its impact on the microfinance sector. It participated in a number of crisis response initiatives, such as the Microfinance Enhancement Facility (MEF), a global fund drawn up by leading IFIs to provide liquidity to financially sound microfinance institutions. A number of projects were also proposed at the European Commission and government levels to help mitigate the financial crisis. These include the Microfinance Progress Facility, a microfinance initiative supported by the EIB and the EIF for the economically deprived in the European Union, and the Regional MSME Fund for Sub-Saharan Africa (REGMIFA), a fund promoted by a donor consortium composed of major IFIs with a view to investing in microfinance intermediaries in Sub-Saharan Africa, where there is a considerable shortage of financing sources, notably in local currency.

The Bank is committed to supporting microfinance-wide initiatives setting social standards and industry best practices. As a particular achievement with regard to social responsibility, the EIB endorsed the Client Protection Principles in Microfinance at the end of 2009. ✓ The Client Protection Principles in Micro-

finance were designed to protect microfinance institutions' clients from potentially harmful financial products and ensure that they are treated fairly. They guarantee the integrity and reputation of investors and donors and promote the adherence of microfinance institutions to six pro-consumer principles: (i) avoidance of over-indebtedness, (ii) transparency in pricing, (iii) appropriate debt collections, (iv) staff ethics, (v) mechanisms for redressing grievances, and (vi) privacy of client data.

Increase in SME financing

In 2009, the EIB continued its offensive, launched in 2008, to support the SMEs that are most affected by the ongoing credit crunch resulting from the 2008/09 financial crisis by lending EUR 12.7bn for small businesses. In 2008, the EIB had already

made its "Loans for SMEs" product simpler and more transparent in order to facilitate lending to SMEs through its partner banks. In 2009, the EIB's new SME policy was implemented on a large scale and the EIB continued to enjoy rapid growth, registering a 55% increase in signatures of intermediated loans for SMEs, which followed the 42% rise the year before. With a total of EUR 20.8bn signed with intermediary banks during 2008 and 2009, the EIB is well on its way to meeting the target of lending EUR 30bn to SMEs in 2008-2011 set in the European Economic Recovery Plan adopted by the Heads of State or Government in December 2008.

EIB support reached more than 50 000 SMEs across the EU during 2009 and 2010 is expected to see more growth as intermediaries make further progress in channelling SME loans to final



The EIF and microfinance

The EIF reinforced its efforts to support microfinance institutions by managing the Competitiveness and Innovation Programme (CIP), through a specific microfinance window under the Risk Capital Mandate managed by the EIF for the EIB and in the framework of the JEREMIE initiative. Under the CIP mandate, the EIF has outstanding guarantees to microfinance institutions for an overall volume of EUR 85m; under the Risk Capital (RCM) microfinance mandate, the EIF signed, in 2009, one transaction for a volume of EUR 1.75m and the EIF's Board of Directors approved a further transaction of up to EUR 4m.

Furthermore, the European Commission launched the "Progress" Microcredit Facility for the budgetary period of 2010 to 2013 for an overall amount of EUR 100m, which will be jointly implemented by the EIF and the EIB.



beneficiaries. By the end of 2009, the EIB had disbursed close to EUR 16bn, i.e. more than 75% of the EUR 21bn signed in 2008-2009. Actual allocation of funds by the partner banks to the final beneficiaries of EIB loans for SMEs amounted to 90% of the EUR 16bn disbursed, representing tangible financial support across Europe for this vital sector in difficult times. In 2010, the EIB will seek to reach SMEs in even more countries and also select additional intermediaries.

Bringing Technical Assistance

Technical assistance for microfinance – driving the growth of access to finance

Technical Assistance (TA) is a key instrument for the Bank to become more proactive in its operations, especially outside the EU. The provision of TA has become a mainstream EIB activity over the past few years and is designed to support the lending priorities in Europe and outside Europe. In regions such as the African, Caribbean and Pacific (ACP) countries and the Mediterranean partner countries, the need for TA, particularly to support project preparation and implementation, is stronger than in more advanced economies. For this reason, the EIB has been entrusted with significant funds to address these needs.

In 2009, the EIB contracted more than EUR 30m to improve the preparation and implementation of lending operations in these regions, especially in the infrastructure and financial sectors with a particular emphasis on microfinance. ✓

In the ACP region, the EIB has developed a high level of both investment activity in the microfinance sector and engagement with key industry stakeholders, such as the Consultative Group to Assist the Poor (CGAP), the European Microfinance Platform and the European Commission microfinance steering group. In order to address the limited availability of financial services to the poor and economically marginalised, the Bank supports

an increasing number of microfinance investment vehicles that invest in and provide technical assistance to local microfinance institutions. Alongside the provision of patient capital to strengthen the capital base of selected microfinance institutions (MFIs), the EIB has more recently made TA funds available to these institutions to enable them to extend sustainable microfinance services and develop innovative products that, in turn, will generate positive social and economic impacts for small and micro-businesses.

Since 2007, more than EUR 15m has been made available from the TA envelope of the ACP-EU Cotonou Partnership Agreement for capacity-building measures in MFIs. ✓ Many MFIs have significant needs for capacity-building and transfer of knowledge in order to succeed as self-sustaining institutions. In addition, more mature and well-established institutions still require TA for the development of new products, and the extension of operations into new geographical, in particular rural, areas. The ultimate objective of these efforts is to enable local staff to manage microfinance institutions in a sustainable way in order to become self-sufficient and independent from external aid. In the Mediterranean partner countries, a TA operation has been accompanying the loan granted in 2006 to the microfinance provider ENDA Inter-Arabe in Tunisia, in order to enable this NGO to optimise management of its growth and successfully integrate with the local financial sector. This operation has allowed ENDA to enhance its governance structure, to strengthen the finance department and the financial management skills of its members and to improve control procedures and the IT system. Other specific TA projects are currently under discussion as part of a programme to accompany NGO microfinance institutions in their transformation process into Non-Bank Financial Institutions (NBFIs) in Egypt and Lebanon.



Dominican Republic – Building capacities in the financial sector

For the past 12 years, the Bank has supported the development and growth of the microfinance sector in the Dominican Republic, playing an instrumental role in the development of Banco de Ahorro y Crédito Ademi (ADEMI) and Banco Adopen. With this objective in mind the EIB extended its support to other initiatives addressing the specific development needs of a wider spectrum of microfinance institutions in the country, from the smallest to the largest and regulated ones. Local entrepreneurs – notably in rural and poor areas – will benefit from improved long-term financing opportunities. Under this cooperation, a comprehensive TA programme is being provided by a specialised consultant. The TA operation comprises five elements: (i) Operational Risk Manual Application; (ii) Demand Study; (iii) Credit Technology Improvement; (iv) Corporate Governance Improvement; and (v) Agricultural Products.

Within the Operational Risk Management component for example, various materials and documents, such as manuals are elaborated. A number of training sessions and workshops are conducted to train up the relevant unit, the main heads of departments and related employees to allow them to recognise, analyse, reduce and handle operational risk. One principal objective of these training sessions is to enable the participating key personnel to train other staff ('train the trainer') and thereby to enhance the outreach to all levels of the institution.



AccessBank Liberia – Improving access to financial services for SMEs and micro-enterprises

Teaming up with Access Microfinance Holding of Germany as well as the International Finance Corporation and the African Development Bank, the EIB has established AccessBank Liberia (ABL) as the country's first commercial bank specialising in micro and small business finance. After many years of devastating civil war, Liberia's economy has only very recently started to recover. Micro and small enterprises play a pivotal role in this process but have so far lacked any access to credit. Since opening its doors in 2009, ABL has extended more than 3 700 loans averaging some USD 1 100 to micro-entrepreneurs. The outstanding portfolio amounts to around USD 2.5m and shows an excellent quality – as of January 2010 only one of the outstanding 2 886 loans was in arrears by more than 30 days. Operating from three branches across Monrovia, ABL has already trained more than 160 local staff and has quickly established itself as the bank of choice for Liberia's small entrepreneurs. This is underscored by the 14 000 savers who have opened accounts with ABL.

The EIB supports ABL with both equity and technical assistance funds. The equity is designed to strengthen the capabilities of local and regional financial institutions, as well as broaden the range of, and access to, financial services. The TA funds are mainly used to finance a team of international experts and capacity-building measures in specific areas. An annual training plan has been put in place to maximise the outcome of all different kinds of training (classroom, workshop, on the job, coaching). In addition, the EIB is expected to approve further financing in support of ABL's growth portfolio.



AccèsBanque Madagascar

In January 2008, the EIB signed a TA agreement with LFS, the manager of Access Microfinance Holding and a designated TA provider, to support the creation of four greenfield microfinance institutions (MFIs), one of which was located in Madagascar. The main objectives of the technical assistance it received from the EIB were (i) to ensure the successful creation of the MFI, (ii) to build capacity at local level and transfer knowledge to the local management and operational staff, (iii) to implement an efficient Management Information System, (iv) to support the growth and expansion of the MFI and (v) to ensure both financial sustainability and the quality of financial and operational data. Technical assistance is planned to be reduced over time so that the MFI can become self-sufficient and sustainable.

Within two years of operation, AccèsBanque Madagascar (ABM) has opened six branches in Antananarivo, the capital of Madagascar. "Given the rapid growth in clients we have experienced, we are now planning to extend our operations outside the capital," says Mamonjisoaniaina Albertine Hantanirina, Head of the Micro Credit Department at AccèsBanque. "When I joined ABM in 2006 as a loan officer, I did not have a lot of experience, but we went through a two-year period full of learning and training. With advice and support from our supervisors, we were able to develop professionally and, little by little, acquired self-confidence and were able to build good relationships with our clients. While before I was only involved in lending, I had the opportunity to deepen my knowledge in many fields, such as banking operations, administration, marketing and human resources. I was very proud of myself and my interest in the job grew, taking a larger place in my life and especially in my heart. In 2008, I was appointed head of the Micro Credit Portfolio. It is really a huge happiness for me and I feel a big enthusiasm. But I would not have achieved all this without the kind consideration and support from my supervisors and the precious advice from my colleagues and the consultants from LFS."



Promoting balanced regional development

External mandate 2007-2013, Mid-Term Review

The decision of the European Parliament and the Council on the EIB external mandate⁸ requires that a mid-term review of this mandate be carried out. On this basis, an independent external evaluation was conducted under the supervision of a Steering Committee of "wise persons" appointed by the EIB's Board of Governors.

The report presenting the conclusions and recommendations of the Steering Committee was published at the beginning of 2010 and is available on the EIB website.

The main recommendations of the Steering Committee, based on the findings of the evaluation, concerned the establishment of a streamlined EIB mandate with high-level EU objectives for all the regions, enhancement of the EIB's contribution to EU development and cooperation objectives, alignment of the EIB's means with the level of ambition and mandate requirements and preparations for closer integration of EU financing activities between the Commission and the EIB through blending of grants and loans, that could be open to participation by the EBRD and other European bilateral institutions.

The detailed recommendations of the Steering Committee will now be analysed in depth by all parties concerned so that an informed decision can be made.

EU Candidate and Potential Candidate Countries

The EIB provides loans and guarantees in the Candidate Countries (Croatia, Turkey and the Former Yugoslav Republic of Macedonia – FYROM) and the Potential Candidate Countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo). The

EUR 8.7bn external lending mandate granted by the European Union for the period 2007-2013 and the Bank's own Pre-Accession Facility provide the basis for these activities. Through its lending, the Bank fosters the EU integration process in these countries, helping them to meet EU accession criteria and preparing them economically for EU membership. In 2009, the Bank's lending in these countries was equally motivated by the need to help them through the financial and economic crisis.

South-East Europe Energy Efficiency Fund

Energy efficiency is the focus of this Fund, which was launched at the end of 2009. The objective of the Fund, initially endowed with EUR 25m by the EIB, the European Commission and KfW is to support small-scale investments in energy efficiency and renewable energy in the Western Balkans and Turkey.

Facility for Euro-Mediterranean Investment and Partnership (FEMIP): concrete support for the common Mediterranean project

2009 - A record year for FEMIP

FEMIP signed loans amounting to EUR 1.6bn to finance 20 large-scale projects and promote SMEs and microfinancing: seven in the Maghreb, ten in the Near East and three regional operations. Since its creation in October 2002, FEMIP has provided more than EUR 10bn of financing to support the modernisation of the Mediterranean partner countries and contribute towards creating and safeguarding jobs in the region.

Eastern Partner Countries and Central Asia

The EIB finances projects in the Eastern Partner Countries – Armenia, Azerbaijan, Belarus⁹, Georgia,

⁸ ACP and OCT countries are not included in the scope of the EIB external mandate.

⁹ Activity in Belarus is subject to a future Council and Parliament agreement.



Moldova, Russia and Ukraine – on the basis of an EU Council and Parliament mandate for EUR 3.7bn in loans for the period 2007-2013. The focus is on projects that are of significant interest to the EU in the transport, energy, telecommunications and environmental infrastructure fields. In Russia, the EIB gives particular priority to projects within the framework of the Northern Dimension Environmental Partnership.

In 2009, the Bank signed three loans in the region amounting to EUR 232.5m, bringing total EIB lending in the Eastern Partner Countries to EUR 717.5m since 2003.

At end-2009, the EIB established the Eastern Partners Facility for lending in the same countries using up to EUR 1.5bn from its own resources and at its own risk, with a ceiling of EUR 500m for lending to projects in Russia.

A Framework Agreement providing the basis for EIB's future lending in Tajikistan was signed between the Republic of Tajikistan and the EIB in February 2009. ✓ Tajikistan was thus the first to sign such an agreement among the Central Asian countries eligible for EIB financing. EIB activities will be focused on the financing of major energy projects as well as on environmental protection projects. Negotiations for a Framework Agreement with Kazakhstan are on-going and will most likely be completed in 2010.

Asia and Latin America (ALA)

In 2009, the EIB lent EUR 1 288m in Asia and Latin America, almost three times the lending figure of 2008, which amounted to EUR 469m. ✓ The lending objectives for Asia and Latin America under the current mandate include financing for targeted environmental protection projects – notably climate change mitigation – and for projects that contribute to the EU's energy security.

Cleaning up the Mediterranean

The Bank lent EUR 70m to Lebanon for the construction of wastewater treatment plants in the densely populated and touristic Kesrwan region in order to prevent untreated water from being discharged into the sea. This project is included in the priority list for Lebanon under the "Horizon 2010" initiative and is part of the National Action Plan for pollution reduction in line with the Barcelona Convention.

FEMIP also provided EUR 70m to improve access to the drinking water supply and sanitation system for four million people in the Nile Delta in Egypt.

In the water sector in general, Jordan received a loan of EUR 165m for the drinking water supply to the city of Amman and a EUR 25m loan in Israel served to increase the capacity of the Hadera desalination plant.

The "De-pollution of the Mediterranean" project entered a practical phase with the implementation of the "Mediterranean Hot Spot Investment Programme (MEHSIP)" under the "Horizon 2020" initiative, in which a number of multilateral and bilateral financial institutions are participating under the guidance of the EIB and in close cooperation with the European Commission.

Africa, Caribbean and Pacific (ACP)

The EIB's involvement in the African, Caribbean and Pacific States (ACPs) and Overseas Countries and Territories (OCTs) concentrates on activities (investments) that foster private sector initiatives and promote economic growth, whilst benefiting the wider community and region. Public sector projects are supported where they are crucial for private sector development and for creating a competitive business environment. Projects are selected to deliver sustainable economic, social and environmental benefits.

In 2009, the European Investment Bank increased its support by signing commitments worth EUR 863.3m¹⁰, providing assistance to 29 projects in the ACPs and OCTs. Investment supported infrastructure and industrial initiatives, as well as the development of the financial sector. ✓ Regional integration and coopera-

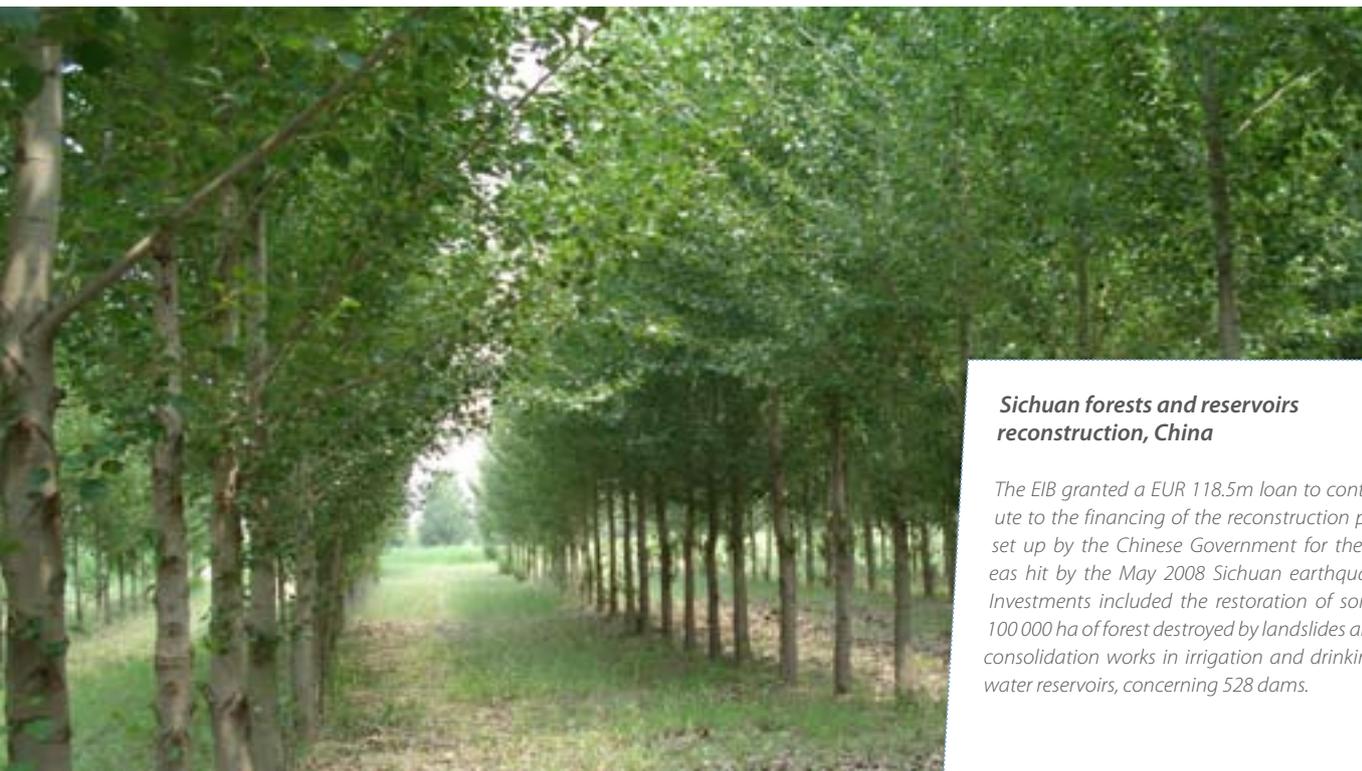
¹⁰ The figure includes own resources and Investment Facility investments.

tion with peer institutions remained centre stage. The Bank also supported the Republic of South Africa through four projects totalling EUR 280m, bringing total signatures to EUR 1.1bn in 2009.

To optimise the investment impact and efficiency, 72% of ACP and OCT projects, excluding those under the South African mandate, were financed with other European and international development finance institutions. Activities also focused on cross-border schemes helping to promote greater economic integration and lines of credit to facilitate access to funding for smaller economies. Such projects accounted for 41% of signed commitments. Some 59% of projects were focused on the financial sector, including microfinance and investment funds, and helped to strengthen and diversify local financial markets.

Hydro refurbishment and transmission, Nicaragua

This project involves the financing (USD 20.4m) of the Nicaraguan Government's programme of rehabilitation and upgrading of key parts of the country's power sector. It includes the rehabilitation of two hydropower plants in north-east Nicaragua, the extension and upgrading of the power distribution grid and the preparation of studies on new investments in renewable energies.



Sichuan forests and reservoirs reconstruction, China

The EIB granted a EUR 118.5m loan to contribute to the financing of the reconstruction plan set up by the Chinese Government for the areas hit by the May 2008 Sichuan earthquake. Investments included the restoration of some 100 000 ha of forest destroyed by landslides and consolidation works in irrigation and drinking water reservoirs, concerning 528 dams.



Concessional funding/interest rate subsidies outside the EU

Projects outside the EU can benefit from subsidies under specific conditions, especially operations carried out in countries subject to restrictive borrowing conditions. In cases of concessional funding, part of the interest rate subsidy can be channelled as leverage for certain additional environmentally or socially desirable components of the project.

The Bank cooperates closely with other IFIs and the European Commission, making sure that operations are harmonised and complementary. A number of initiatives – notably the EU Africa Infrastructure Trust Fund and the second phase of the EU-ACP Energy and Water facilities – channel this type of assistance according to their own eligibility rules.

The subsidy amount varies according to the specific conditions and benefits of each operation.

Renewable energy, cogeneration and energy efficiency, South Africa

In December 2009, the Bank signed a EUR 40m framework loan with FirstRand Bank to support clean energy investments in South Africa. This is the first dedicated energy-efficiency loan made by the EIB in South Africa. It will enhance South Africa's contribution to combating climate change and facilitate economic development by improving the reliability of the electricity supply in the country.

The loan targets investments in a range of climate change mitigation activities. A specific focus will be on industrial cogeneration, but projects are also likely to include support for renewable energy schemes, waste or landfill gas for heat and power generation and energy-efficiency installations in residential, public or commercial buildings.

Interest rate subsidies

Under the Cotonou Framework, Investment Facility (IF) operations and own resources loans can benefit from an interest rate subsidy allocation, the purpose of which is to increase their concessionality under certain specific conditions:

- "for infrastructure projects in the Least Developed Countries, in post-conflict countries and post-natural disaster countries that are prerequisites for private sector development...;
- for infrastructure projects by commercially-run public entities that are prerequisites for private sector development in countries subject to restrictive borrowing conditions under the Heavily Indebted Poor Countries (HIPC) initiative or another internationally agreed debt sustainability framework...;
- for projects which involve restructuring operations in the framework of privatisation or for projects with substantial and clearly demonstrable social or environmental benefits..."

Revised Cotonou Partnership Agreement, Annex II, Article 2(7)

The second financial protocol provides new amounts of EUR 400m for the ACPs and EUR 1.5m for the OCTs. Up to 10% of the subsidies may be used for project-related technical assistance.

At the end of 2009,

- EUR 160m had been earmarked for 27 ACP projects.
- EUR 1.5m had been earmarked for three OCT projects. ✓

Sustainable private equity



EIF private equity activities

Private equity is one of the core business lines of the EIF, which over the years has become a key player in the European private equity market. The EIF pays specific attention to the implementation of generally recognised business standards as prerequisites for investing in fund structures. In addition, it requests that each fund structure confirms its specific focus on European SMEs and respects the exclusion of certain sectors such as arms production and trading, tobacco, gambling and human cloning.

The Competitiveness and Innovation Programme (CIP) also provides for a specific window for financial support to Ecolnnovation through investment in venture capital/private equity fund structures. At the end of 2009, the EIF was involved in four private equity structures with an investment focus or at least a significant investment portion in Ecolnnovation, adding up to nearly EUR 83m of commitments.

As part of its private equity operations, the EIF provides support specifically to Tech Transfer schemes, which aim at efficient commercialisation of intellectual property generated mainly by universities or other independent scientific research institutions. In this context, the EIF was involved, at the end of 2009, in five fund structures bringing the total EIF commitment to an aggregate of EUR 69m.

The Global Energy Efficiency and Renewable Energy Fund (GEEREF), a joint public-private initiative sponsored by the European Community, Germany and Norway and advised jointly by the EIF and the EIB became fully operational in the course of 2009. GEEREF focuses on worldwide investments in regional fund structures aimed at investing in renewable energy and energy-efficiency projects with a specific focus on developing economies and economies in transition. In 2009, GEEREF undertook two investments for a subscribed amount of EUR 22m.



Efforts to support those in need

Samoa - post-tsunami assistance

A tsunami struck Samoa in September 2009, devastating its south-eastern shore. The tsunami damaged infrastructure – roads, houses, schools and power and water facilities – exacting a heavy social and economic toll on one of the country's most vulnerable regions.

The Bank decided to support the reconstruction efforts by swiftly putting in place a EUR 5m credit line to the Development Bank of Samoa under the Pacific Islands Finance Facility.

By providing a significant source of long-term finance for small and medium-sized enterprises, this line of credit will support the private sector and thus contribute to restoring the country's economic activity and employment. The operation, taking place in a post-natural disaster context, will benefit from an interest rate subsidy and is being carried out in close cooperation with the Government of Samoa and in coordination with the European Commission, complementing the latter's emergency assistance to the country.

Haiti – the EIB's response to the earthquake

In response to the earthquake that hit Haiti on 12 January 2010, the EIB is working on a two-phase action plan to help with the reconstruction of the country.

As a first step, the EIB will provide a EUR 600 000 grant, channelled through a suitable NGO, to support a specific urgent project in the health or education sector, such as the reconstruction of a clinic, an orphanage or a school in one of the worst affected areas of Haiti. The Bank will also analyse the scope for a proposal for full debt relief (totalling EUR 1.64m).

In a second phase, the EIB will assist over the longer term the reconstruction of the country in close cooperation with the Commission, the Member States and the EU bilateral institutions. This could take the form of highly concessional financing from ACP Investment Facility resources, complemented by the provision of technical assistance. In this context, the Bank's expertise in urban renewal and infrastructure development (ports, power, water and sanitation, telecommunications, etc.), and in SME lending and microfinance would be of particular relevance to the reconstruction phase that will follow the initial period of emergency aid.

Haiti – EIB group staff contribution

To complement the action of the Bank, the Staff Representatives of the EIB Group launched an appeal to staff for donations in support of the reconstruction of Haiti following the earthquake.

EIF staff have raised EUR 5 000 that will be matched by the EIF as a corporate body. The total EUR 10 000 will be donated to the association Médecins sans Frontières.

EIB staff donations amounted to around EUR 24 000 and the Staff Representatives are currently liaising with the staff in charge of operations in Haiti to evaluate the possibility of donating the amount to a project supported by the EIB.



6 - Influence on the capital markets

Highlights in 2009:

- Launch of a Climate Awareness Bond in Swedish krona





Socially responsible investors attracted to EIB bonds

Socially Responsible Investment (SRI) typically combines investors' financial objectives with concerns that may encompass one or more of the following: social, environmental, ethical or corporate governance issues. The appeal of EIB bonds for SRI audiences has therefore benefited from a variety of factors: on the one hand the EIB's attractive CR credentials, but also purely financial merits including the Bank's top-quality credit standing, its strategic approach to markets and its securities product offering.



ESG strategies for responsible investors

In November 2009, Novethic organised its second one-day Annual Event, dedicated exclusively to European institutional investors (welfare organisations, superannuation funds, insurance and mutual companies, pension funds, not-for-profit organisations and foundations), to promote the incorporation of Environmental, Social and Governance (ESG) criteria into asset management.

The EIB was represented at this event by its Vice-President responsible for financial matters.

The Vice-President's presentation at the conference focused on how the EIB promotes the integration of responsible practices in its mission and activities, through the way it implements these and through its internal management. It highlighted in particular how the EIB incorporates "extra-financial" issues in project financing activity. By describing how the EIB manages its corporate responsibility policy, the Vice-President illustrated how all members of society have a role to play in improving the integration of ESG factors. In his opinion, institutional investors should actively contribute to identifying companies' exposure to ESG risks and defining how these risks are to be managed.

Climate Awareness Bonds

In 2009, the EIB launched new "Climate Awareness Bonds" (CAB), for the first time in Swedish krona. The bonds were issued in fixed and floating rate format for a total amount of SEK 2.25bn (EUR 214m), and will mature in February 2015.

The outstanding feature of the EIB's "Climate Awareness Bonds" is that the proceeds from the issues are used exclusively to finance projects supporting climate protection. More specifically, the funds raised are to be used for investment in future EIB lending projects in the fields of renewable energy and energy efficiency, key areas for international climate protection and where the EU has undertaken to adopt a leading role.

In order to issue these bonds, the EIB worked hand in hand with investors and the banking community. The bonds further highlight the EIB's commitment to promoting EU objectives.

These issues follow the first CAB issued in 2007. Having already disbursed all the funds from the first CAB¹¹, the Bank seized the opportunity to launch a new CAB in another currency. On 1 July, Sweden took over the Presidency of the EU and placed climate issues among its top three objectives. This together with the importance accorded to SRI by leading Swedish investors, encouraged the Bank to turn to the SEK market for the new initiative.

The net proceeds of the issue were converted into euros and allocated within the EIB's treasury to a sub-portfolio of the operational money market portfolio. So long as the bonds are outstanding, the balance of the sub-portfolio is reduced, at the end of each quarter, by amounts matching the disbursements made during the quarter to projects in the fields of renewable energy and energy efficiency.

Pending such disbursement, the sub-portfolio is invested in money market instruments. As at the end of 2009, EUR 50m had already been disbursed from this sub-portfolio.

Development impact

The Bank has a longstanding track record of contributing to international capital market development, in both developed and emerging currencies. In emerging currencies, the Bank has in particular focused on the currencies of new/future Member States and EU partner countries. Here the Bank's concrete contributions to market development relate both to development of the framework for issuance according to international standards and to issuance practice that adds diversity to the market, for instance by offering larger and thus more liquid bond issues, new maturities and products. EIB is often the first foreign issuer in its asset class to enter such markets. Such issuance may also provide a step towards potential future lending in local currency.

Global market conditions in 2009, characterised by high levels of volatility and uncertainty, led to reduced international investor demand for issues denominated in currencies from emerging and transition countries. Against this challenging backdrop, the Bank nonetheless succeeded in issuing bonds in seven currencies of new and future Member States and an EU neighbouring country (Bulgarian leva, Czech koruna, Hungarian forint for which the Bank was the leading IFI issuer in the international market, Polish zloty, Romanian leu, Russian rouble and Turkish lira). Among partner country currencies, the Bank issued in three African currencies: Ghanaian cedi, South African rand and Zambian kwacha. The Bank has historically issued in a total of seven African currencies.

¹¹ During 2007/8, the funds raised by this issue (EUR 600m) were completely disbursed to new projects meeting the sectoral criteria. In total, 14 projects located in six European countries received funds raised via this bond (see Corporate Responsibility Developments in 2008).



Geothermal energy project, Iceland

The EUR 50m disbursed under the sub-portfolio resulting from the proceeds of the CABs issued in SEK went to a geothermal energy project in Iceland. ✓

The project concerns the expansion of the Hellisheiði Geothermal Power Plant by an additional 90 MWel and the construction of a new 90 MWel geothermal power plant at Hverahlíð. The objective of these new power units is to meet increasing demand for electricity in the domestic and industrial sectors, notably supplying one existing and one new aluminium smelter.

The project has been subject to a full Environmental Impact Assessment (EIA) procedure in accordance with national legislation and acceptable to the Bank.



7 - The EIB's own footprint

Highlights in 2009:

- Bus cards available for all staff
- Launch of a Staff Attitude Survey
- Improvement of work-life balance policies





Direct environmental footprint

Bus cards for EIB staff

In support of measures to protect the environment and reduce CO₂ emissions, *the Bank has signed a contract with the Ville de Luxembourg to provide staff members with free 'Jobkaart' bus passes for Luxembourg City's transport network.* ✓

EIB and EIF staff members have each received a Jobkaart pass which covers all of the bus lines in Luxembourg City, and may use them for work and private journeys at any time. This means that staff members can use public transport to travel to and

from the Bank and take advantage of the Park and Ride facilities that provide out-of-town parking and bus links to the centre.

Following a survey conducted before the signature of the convention, it was estimated that around 400 staff members (out of a total of around 1700 staff members working in Luxembourg) would actually use their jobkaarts. The Bank estimates that if an additional 10% of staff uses the Jobkaart on a regular basis, the CO₂ emissions will be reduced by 170 tonnes on a yearly basis.

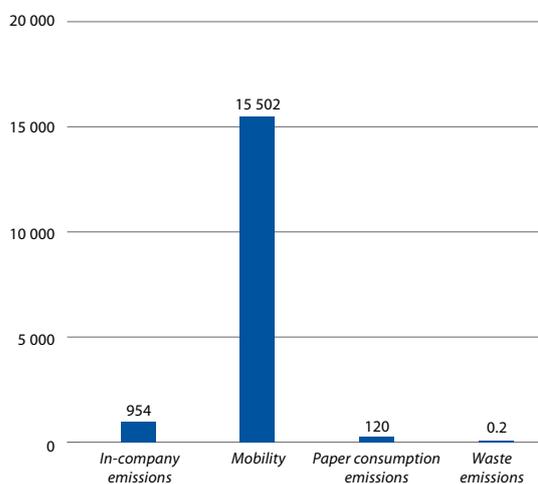


Global footprint (tonnes of CO₂)

The basic calculations for establishing the EIB's CO₂ emissions were carried out by an external consultant certified to use the recognised Bilan Carbone® methodology. The full report from the consultant is available on the EIB website.

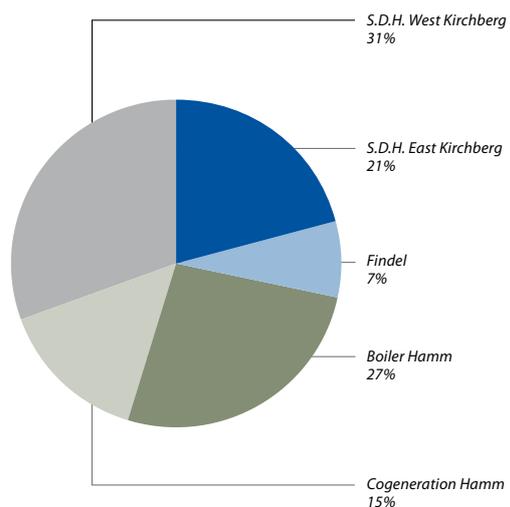
The total carbon footprint of the EIB and EIF in 2009 amounted to 16 576 tonnes of carbon dioxide equivalent (t CO₂ eq), distributed as detailed in the graph. The total level of CO₂ emissions therefore went down between 2008 and 2009 by 3 077 tonnes (a decrease of around 15.7%). The comparison between 2008 and 2009 is difficult because two of the EIB Group's buildings were closed down and staff were moved to the new building during 2008. Despite this, a comparison with 2007 emissions shows a decrease in 2009 of 1 356 tonnes of CO₂ (around 7.6%), which is a positive trend since the EIB's aim is to bring about a reduction in its total emissions of 20-30% by 2020 compared to 2007. It must also be stressed that this was achieved in a context of growing levels of activity in 2008 and 2009, which are expected to be maintained in 2010.

Global footprint (t CO₂ eq)



Energy

Energy emissions account for 6% of the total CO₂ emissions. In 2009, they went down by 253 tonnes despite the growing number of staff (a reduction of around 21%). This decrease is probably explained by the fact that the new building is of an environmental design and thus consumes less energy than a traditional construction.



Waste management

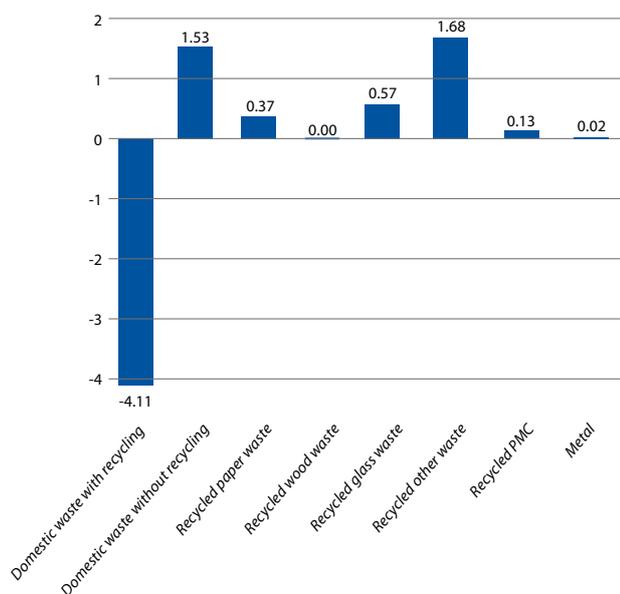
Improvements to the waste disposal system generated a significant reduction in the emissions resulting from waste disposal in 2008 with a negative impact on emissions of -1.3 tonnes of CO₂. The Bank did not do as well this year since there was a slight increase in emissions resulting from waste disposal of 0.2 tonnes of CO₂. The waste disposal management system needs to be monitored in order to ensure that this trend does not continue over the next few years.

Mobility

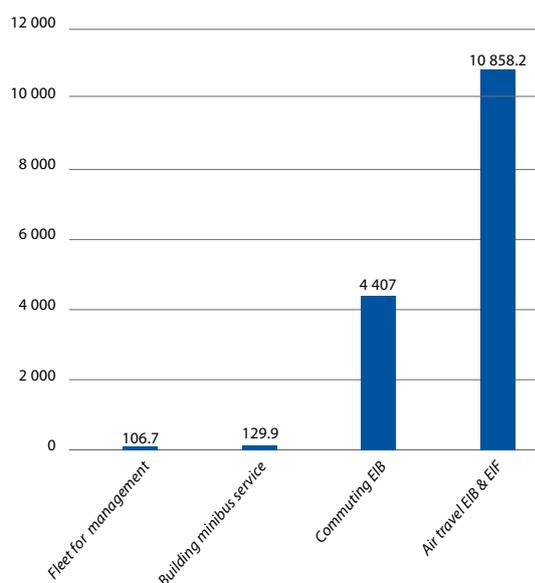
Mobility emissions accounted for 15 502 tonnes of CO₂ or 94% of the total emissions. The mobil-



Waste management



Mobility



ity emissions went down by 2 719 tonnes of CO₂, a reduction of around 15% compared to 2008. It needs to be stressed that this was achieved despite an increase in the levels of activity of the

Group of more than 30% in 2009 and the fact that all the EIB's activity is performed from its headquarters in Luxembourg and thus necessitates constant travel.

Environmental indicators 2007-2009

	Tonnes of CO ₂ 2009	Tonnes of CO ₂ per staff member 2009	Tonnes of CO ₂ per staff member 2008	Tonnes of CO ₂ per staff member 2007
Energy emissions	954	0.50	0.68	0.8
Mobility emissions	15 502	8.13	10.3	11
Waste disposed of	0.19	0.0001	-0.0007	0.0002
Copying paper consumption	120	0.06	0.13	0.13
TOTAL	16 576	8.7	11.11	11.9
	m ³ 2009	m ³ per staff member 2009	m ³ per staff member 2008	m ³ per staff member 2007
Total water consumption	77 943	40.89	37.34	41
	kWh 2009	kWh per staff member 2009	kWh per staff member 2008	kWh per staff member 2007
Total electricity consumption (with green certificates)	18 828 620 ✓	9 878.6	10 679.5	10 205.3
	Tonnes 2009	Tonnes per staff member 2009	Tonnes per staff member 2008	Tonnes per staff member 2007
Total paper consumption	90.94	0.05	0.07	0.07

The above indicators per staff member show a trend of constant reduction over the last three years, but efforts should be maintained to ensure that the trend is not reversed and that the Bank continues to work towards the objective of a 20-30% reduction in the level of emissions by 2020.

EMS (Environmental Management System)

The Management of the Bank has shown its continued commitment to improving the direct footprint resulting from the Bank's internal activities by approving the introduction of an Environmental Management System (EMS). Work on the implementation of an EMS system began at the end of 2009. An EMS will enable the Bank to assess its business strengths and weaknesses, help identify and manage significant environmental impacts, reduce operating costs by increasing efficiency, ensure compliance with environmental legislation and provide benchmarks for continuous improvement of its environmental performance. As part of the EMS, the Bank will also develop an environment dashboard to measure environmental performance against set targets through a regular audit process that will feed into a continuous improvement plan. The specific benefits of an EMS include better resource management, improved credibility and reliability of environmental information and reduction of environmental and legal risks. Furthermore, by gaining external certification of its EMS the Bank can demonstrate environmental credibility to its clients and stakeholders.

The scope of the EMS will initially be limited to addressing the environmental impact of the Bank's internal operations in the following areas:

- IT
- Business travel
- Waste management
- Estate management
- Environmental footprint
- Procurement and supplier management

Once implemented, the Bank will seek external certification of the EMS such as the international standard ISO 14001, or the EC's Eco-Management and Audit Scheme (EMAS), and may consider broadening the scope as appropriate.



Social footprint

Working to improve the future

Diversity strategy

The Diversity Strategy approved in 2008 is fully integrated in the Bank's Human Resources Strategy. Entitled "Good for People, Good for Business", it positions the Bank as an employer of choice, able to tap diverse external talent pools and fully utilise and develop the rich talent base formed by its existing staff.

The four priority areas of the Diversity Strategy are to attract, engage and retain diverse talent; build an inclusive work environment; foster leadership and management; and build the Bank's profile as an employer of choice. Considerable attention is being paid to communicate this message to staff.

The Diversity Strategy is seen as critical to the Bank's success. The concept of diversity embraces a wide range of individual and cultural characteristics, such as age, cultural and ethnic background, education and experience, family status, gender, nationality, physical ability, religion and sexual orientation. Inclusion means respecting and valuing the unique talents, perspectives and contribution each employee brings to the organisation.

In addition to promoting staff diversity in statistical terms, the Bank wants to promote inclusion in the workplace for all its staff. By "inclusion", the strategy means valuing the unique contribution each employee can bring to the work community. People are at their best when they work in an atmosphere of respect and trust that allows maximum flexibility and autonomy in their ways of working while ensuring that they are fully committed to the agreed objectives.

Reform of the Staff Pension Scheme

2009 saw the culmination of negotiations with the Staff Representatives on the reform of the Staff Pension Scheme. The guidelines for the reform were adopted by the Board of Directors in 2008. The Board of Directors delegated the task of formalising the measures for the application of the Pension Scheme reform to the Management Committee. *It was in this context that a Memorandum of Understanding between the Bank and the Staff Representatives was signed in 2009.* ✓ This agreement marks a significant step towards formalising industrial relations within the Bank. It not only covers the pension scheme reform but also provides additional measures aimed at maintaining an appropriate level of welfare cover for staff.

Active staff by category and gender¹²

	EIB				EIF				EIB Group			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Management Female	12.4%	13.3%	16.3%	16.1%	50.0%	42.9%	27.3%	33.3%	13.4%	14.2%	16.8%	17.2%
Management Male	87.6%	86.7%	83.7%	83.9%	50.0%	57.1%	72.7%	66.7%	86.6%	85.8%	83.2%	82.8%
Executive Female	39.1%	38.7%	40.2%	40.4%	21.1%	25.0%	27.2%	28.9%	37.5%	37.4%	38.9%	39.2%
Executive Male	60.9%	61.3%	59.8%	59.6%	78.9%	75.0%	72.8%	71.1%	62.5%	62.6%	61.1%	60.8%
Support Female	86.5%	87.1%	88.6%	87.5%	79.3%	78.4%	73.2%	67.4%	86.1%	86.4%	87.5%	86.0%
Support Male	13.5%	12.9%	11.4%	12.5%	20.7%	21.6%	26.8%	32.6%	13.9%	13.6%	12.5%	14.0%

¹² In all HR figures, the EIB total figure includes staff members seconded to the EIF.

A revision of the rules governing temporary and/or partial disability took place in 2009. This new approach allows more flexibility when dealing with a variety of medical situations. A review of how these rules have been applied will be carried out during 2013, in consultation with the Staff Representatives

Health and well-being

Work-life balance

The EIB has adopted a flexible approach to working hours for a long time. However, in order to facilitate a better balance between professional and personal needs and to adapt to a changing working environment, additional flexibility was introduced in 2009.

Increased flexibility in working hours is an important element in supporting the EIB's Diversity Strategy and maintaining an inclusive work environment. The EIB is committed to promoting the diversity and equal opportunities of its workforce in order to ensure the Bank's effectiveness, productivity and business success. One of the ways of doing this is to build an inclusive work environment by fostering flexible working arrangements: staff members are of diverse origins and gender and are also or will be at different points in their life cycles.

Flexible working arrangements can also significantly contribute to reducing the Bank's carbon footprint, by decreasing the amount of commuting done by staff members and lowering energy con-

sumption, since different office arrangements can be envisaged, notably for teleworkers or part-time workers.

In 2009, modifications were introduced in the telework arrangements creating greater flexibility, notably the possibility of teleworking on a regular or occasional basis. ✓ Other improvements concern the annualisation of working hours, more flexibility concerning core times, which can now be defined between staff members and their direct management, and greater flexibility in the use of accumulated overtime.

The Medical Service

The demands on the Bank's medical service continued to expand, in particular as a result of the considerable recruitment activity. In the third quarter of 2009, a new occupational health physician with substantial experience in occupational health policies was recruited with a view to developing the medical service and establishing

Injuries in 2009

	EIB Staff	Non-EIB Staff
Swing/glass door	2	4
Slipped	8	3
Cuts	1	7
Sports accidents	9	0
Other	2	7
Total	22	21

Rate of absenteeism and sickness

Year	EIB		EIF		EIB Group	
	Absenteeism	Sickness	Absenteeism	Sickness	Absenteeism	Sickness
2006	1.3%	3.9%	0.3%	0.1%	1.2%	3.7%
2007	1.2%	3.5%	0.2%	0.0%	1.1%	3.2%
2008	1.2%	3.5%	0.1%	0.1%	1.1%	3.2%
2009	1.3%	3.6%	0.2%	0.7%	1.2%	3.3%



policies to tackle absenteeism and the prevention of stress.

The injury rate was 22.5 per 1 000 staff members. As can be seen from the table above, injuries were mostly minor and absences resulting from them did not exceed two days. There were no fatal injuries.

Crèche facilities

The demand for crèche places has outgrown the Bank's capacity to supply such places, a situation which has led to a lengthening of the waiting lists. Additional places were made available in 2009 but are still not sufficient. As a result, a new call for tenders was launched at the beginning of 2010 to ensure the provision of additional places.

Staff Attitude Survey

In March 2009, the EIB conducted a comprehensive Staff Attitude Survey (SAS) inviting all staff members to express their opinion on a range of subjects linked to motivation and working conditions and to identify areas needing attention. ✓ The purpose of the survey is to help EIB management confirm the perception of the EIB as an employer of choice, not only because of its activities and European mission, but also by virtue of its people management practices. The SAS results have been communicated to all staff, underlining the Bank's commitment to entering into an open and trustful dialogue with staff. The Staff Representatives were fully involved in making recommendations that are intended to be the basis of a revised HR strategy to be developed in 2010.

Training

The EIB offers to its staff a varied programme of training courses on professional as well as linguistic skills. Staff members may also propose to attend specific training events relevant to their current job or with a view to future development.

An example of an extensive training programme specific to the Bank's activity is the one organised by the Environmental and Social Office.

In order to effectively implement the new Statement on Environmental and Social Principles and Standards and to ensure greater mainstreaming of environmental and social issues including biodiversity, climate change and human rights, the Environmental and Social Office continued to carry out an ambitious training programme. This was divided into two categories, a) procedures and standards and b) awareness seminars.

ESO conducted a total of 13 training events in 2009, thereby offering EIB staff with updates on general environmental, biodiversity, social assessment and climate change topics. Sessions were also held on specific issues such as the EIB's new Environmental and Social Statement. Most training sessions took place in the first three quarters of 2009, due to the fact that a large part of ESO's time was focused on the EIB's active participation in the Climate Change Conference in Copenhagen. The total number of attendees for all sessions was 375. The average participation was 26 people, which represents an increase of 7% compared to 2008.

ESO has carried out a number of improvements to the training sessions based on the feedback from participants:

- targeted sessions for engineers and economists on the new Environmental and Social Statement;
- more technical seminars on climate change, with lively participation of attendees;
- a new topic: environmental economics, very much appreciated by all participants. Various requests were made to ESO to further develop this theme in future training events;
- additional visibility of ESO's work in environmental training through enhanced publicity.

The following table illustrates the knowledge-sharing sessions carried out by ESO in 2009.



ESO Knowledge-Sharing Programme 2009

Procedures and Standards
Training on the Statement for all three PJ Departments incl. Jaspers
Social Assessment: An Introduction to the EIB's Social Standards
Biodiversity Assessment Tools
Update on recent developments in EU Environmental Law and Presentation of the Sourcebook on EU Environmental Law
ILO Core Labour Standards
Presentation on the Social Reference Book
Social Assessment: An Introduction to the EIB's Social Standards
Awareness Seminars
Environmental Economics: Valuing the Environment
The Science of Climate Change: Where do we stand? What Impacts for Europe?
The price of carbon in development projects: an overview of the climate debate
An overview of the theory and practice of the Economic Evaluation of Project Externalities
Assessing and Managing Climate Risks: Plans and Practice of the Commission, Spain and the EBRD
Update on recent developments in EU Environmental Law and Case Law on the application of EU Environmental Directives
EITI work with the AfDB



Staff turnover by gender

Staff turnover is relatively stable at the EIB. Total staff turnover in 2008 for the EIB Group was 4.93% compared to 5.3% in 2009.

Gender	EIB			EIF			EIB Group		
	Terminated 2009	Head-count 31/12/2008	Turnover	Terminated 2009	Head-count 31/12/2008	Turnover	Terminated 2009	Head-count 31/12/2008	Turnover
F	42	841	5.0%	1	58	1.7%	43	899	4.8%
M	46	772	6.0%	4	86	4.7%	50	858	5.8%
Total	88	1 613	5.5%	5	144	3.5%	93	1 757	5.3% <input checked="" type="checkbox"/>

Report Indicators

Undertakings in 2008

	CRR 2008	Actual status 2009
EIB activity	In both 2009 and 2010, the EIB is planning to increase its total lending volume by some 30% (EUR 15bn) compared with the level of previous years	In 2009, lending volume increased by EUR 21.3bn (see page 17)
EIB activity	As part of a broader package of support measures, a new product line will be developed enabling risk sharing with banks	Development of a range of risk-sharing initiatives continued in 2009 against a background of difficult market conditions
Corporate responsibility	A detailed action plan is under preparation for approval in 2009	The action plan was approved in early 2010
Western Balkans Infrastructure Initiative	The initiative is expected to make a start on operational implementation in early 2009	The Western Balkans Investment Framework was launched on 9 December 2009 by the European Commission, the European Investment Bank, the European Bank for Reconstruction and Development and the Council of Europe Development Bank as a tool for pooling financial resources in order to improve and increase operations by these institutions in the region. See website
Complaints Mechanism	The EIB will launch a public consultation on the CM as well as on the Terms of Reference of the EIB Complaints Office in early 2009	The public consultation took place in 2009 and the revised Complaints Mechanism was approved by the Board of Directors on 2 February 2010. See page 30
Whistle-Blowing Policy	The policy was approved at the beginning of 2009 and will be made available to staff and the public	The policy was posted on the EIB website on 2 April 2009 and on the Intranet on 3 June 2009
Value added methodology	The implementation of the new methodology will take place throughout 2009 and the new system will replace the current one as from 2010	The new system was approved on 15 December 2009 for implementation from 1 January 2010
Carbon footprint of projects	At the end of the year, the exercise will be reviewed with a view to refining the methodology. The outcome of the exercise will be reported by CRD in 2009	See page 62 to 65
Biodiversity	Aiming for a partnership with a large industrial organisation, the EIB is considering the possibility of a European Ecosystems Services Fund	Still under discussion
Social Assessment Guidelines	During 2009, it is intended to make the SAGs more specific and unequivocal and consequently of greater value to project staff	Social Assessment Guidelines 1, 3 and 4 have been revised and were published in their revised form together with the Handbook on 25 February 2010. Guidelines 2 and 5 are currently being revised and will be published when finalised
Staff compensatory provisions	A package of transitional and/or compensatory provisions applicable to currently employed staff is also under discussion with the Staff Representatives	An agreement was signed between the Staff Representatives and the HR department on 15 March 2009



Availability of crèche places	The demand for crèche places has outgrown the Bank's capacity to provide such places. Additional places will be made available in 2009	A call for tenders for additional places was launched at the beginning of 2010
Occupational health	Finalisation of an occupational health policy	Work on the occupational health policy is still ongoing
Dignity at work	Review of the Bank's Dignity at Work Policy	The policy was revised in 2009 and new confidential counsellors were appointed at end-2009 after the revision of the policy
Disabled persons	Preparation and implementation of a code of practice to enable disabled persons to be given equal treatment in recruitment, working conditions and career opportunities	The code of practice was finalised and published on the Intranet in September 2009. Implementation is ongoing
Psychosocial risks	Preparation of a medium-term strategy to reduce psychosocial risks	Work on the strategy to reduce psychosocial risks is still ongoing



Disclosure on management approach

Economic performance

The Bank reports upon its economic performance in accordance with internationally recognised accounting practices and standards. It also adheres to good governance practices in the performance of its tasks as the Bank furthering European objectives. Please see our website for further details of the Bank's economic performance in 2009.

Environment

The EIB has a Facilities Management team tasked with measuring and reducing the resources consumed by the Bank's staff members. Our report offers details of the Bank's direct footprint and its internal environmental management system. Resources reported upon include paper, water, heat and electricity consumption, as well as the total equivalent CO₂ emissions from staff commuting. In addition, since the Bank's work includes travelling to project sites to assess their suitability, the number of air miles travelled each year by staff members is recorded and reported upon. These air miles are then converted into their CO₂ equivalents.

The Bank's Internal Environmental Management Working Group is responsible for seeking opportunities to constantly improve the Bank's use of valuable resources. The working group is currently working on the preparation of an Environmental Management System with a view to obtaining certification in 2010. Please see pages 87 to 90 of this report or our website for further details of the Bank's working environment.

The EIB's "Environmental and Social Practices Handbook" describes the internal processes and practices applied by the Bank, particularly the work carried out by its Projects Directorate (PJ), to ensure that all financing activities are consistent with its environmental policy. In turn, the Bank's environmental policy is in line with existing EU environmental legislation.

Outside the EU-27 and the Candidate and Potential Candidate Countries, the environmental standards of the Bank are also subject to local conditions.

The EIB supports the pursuit of sustainable development through its lending activities, by financing environmental projects, safeguarding the environment where possible and trying to improve, where practicable, the environmental and social outcomes of all projects.

In all cases, the EIB follows stringent guidelines in deciding which projects it should finance.

Labour practices

The Human Resources team ensures that staff members are aware of the conditions of employment and their rights and duties under the Bank's employment policy. In 2007, the HR Department formulated a new HR Strategy whereby it redefined its priorities (see page 66 of CR Developments 2007). Staff members are also informed of the availability of suitable training opportunities and the hours of training per staff member are recorded and reported upon each year. The Bank has also put in place staff representation mechanisms, involving the College of Staff Representatives and various Joint Committees on, for instance, equal opportunities between men and women (COPEC) and health and safety matters (CPPPT), with the aim of addressing issues that are important as far as the treatment of staff is concerned. The breakdown of staff by job category and gender is closely monitored. Please see pages 91 to 93 of this report for further details.

Human rights

Within the Bank, a Dignity at Work policy is in place aimed at helping to prevent incidents of bullying and harassment in the EIB work environment. A Diversity policy is also in place in order to prevent discrimination in the workplace.

In terms of the projects that the EIB finances, the Bank seeks to ensure that social safeguards are in place to prevent human rights abuses. Projects to be financed within the EU will, in any case, com-



ply with EU law, policy, principles, standards and practices. All projects outside the EU are assessed against the social safeguards of the Bank, which are defined in a number of guidelines covering the following topics: population movement, including involuntary resettlement, the core labour standards of the International Labour Organisation (ILO), the treatment of potentially disadvantaged minorities, including indigenous peoples and gender issues, occupational and community health and safety and consultation and public participation. Please see pages 44 to 45 of this report for further details.

Society

The Office of the Chief Compliance Officer (OCCO) identifies and addresses ex-ante risks associated with non-compliance with laws, rules, regulations and policies applicable to the EIB. OCCO is responsible for integrity checks and Anti-Money Laundering and Combating the Financing of Terrorism controls in respect of the Bank's counterparties and operations. Please see pages 31 to 33 of this report and our website for further details of the Bank's working environment.

Environmental Performance Indicators

FS1

The Bank is following the recommendations in the Corporate Responsibility Developments in 2009 Report issued by the Global Reporting Initiative (GRI). The Environmental Performance Indicators as defined by GRI (indicators EN1-EN30) are reported on in the section on the Direct Footprint of the Bank, beginning on page 87. However, the Bank is also following insofar as possible the set of environmental performance indicators for the financial sector (FS1-FS12).

The Bank's environmental policy is communicated to the public and has been formally adopted by the Board of Directors. The full EIB Statement of Environmental and Social Principles and Standards

was revised in 2008 and is available on the Bank's website. The Statement describes the environmental and social principles and standards and covers all EIB operations, regardless of the location or size of the project.

FS2

Procedures for assessing and screening environmental risks are described in the Environmental and Social Practices Handbook, available on the EIB website. All loans, regardless of size, are screened for environmental purposes by the Bank's staff, using EU criteria as the guidelines. For credit lines, the Bank restricts its environmental due diligence to the financial intermediary's ability to carry out an environmental assessment on the projects it intends to finance under the global loan.

The EIB's general approach to the protection and improvement of the environment is described in the Statement. It is based on the EU's approach to environmental sustainability, the principles, practices and standards of which are as strong as any that exist, and which is reaffirmed in the "Declaration on the EPE". The legal framework of the EPE is available in the Source Book on EU Environmental Law available on the EIB website. The Bank's general approach to environmental issues is based on a number of overarching principles, such as the "precautionary principle" and the principles that preventative action rather than curative treatment should be taken, that environmental damage should be rectified at source and that the polluter should pay, in accordance with the Treaty establishing the European Union. All projects financed by the Bank are the subject of an Environmental Assessment, which is normally carried out by its own staff but if not by others according to the requirements of the Bank.

FS3

The monitoring of a client's implementation of and compliance with environmental aspects raised in

the assessment process is dealt with in different ways. If a project is considered at the time of appraisal to have environmental components that need to be monitored, monitoring requirements are included in the loan agreement as a condition of the loan. Furthermore, the Bank has recently recruited a number of monitoring officers, who will manage the monitoring activities of projects.

FS4

The Bank offers systematic training for those of its staff who deal with environmental assessment. Regular training is provided in the fields of environmental impact assessment, climate change, biodiversity, social assessment and European environmental laws and regulations. The main target audience is staff responsible for project appraisal; however, most training sessions are open to all staff members. Some more general sessions are run several times a year. The more general training sessions are usually carried out by the Bank's own specialists and for more specialised topics the Bank invites external speakers and trainers. The training sessions attended will appear on the staff members' training summary, which is part of the annual appraisal. See pages 93 to 94 for more details on training.

FS5 and FS10

The Bank interacts with its business customers regarding environmental risks and opportunities in almost every project, as part of a standard procedure. Prior to most appraisal missions, a detailed questionnaire on environmental and social issues relating not only to the project but also to the general activities of the promoter is sent out. All relevant issues are discussed with the Bank's customers prior to project approval.

FS6, FS7 and FS8

See pages 54 to 58 of the report.

FS9

The Bank's Operations Evaluation Division (EV) carries out on a regular basis evaluation of the projects the Bank finances. As part of the evaluation process, a report is produced which summarises the findings of the evaluation and makes recommendations for direct implementation. EV focuses on how the Bank conducts its operations within the framework of relevant EU policies, for instance the application of the EIA Directive and other EU sectoral directives, EU climate changes policies and progress towards the Millennium Development Goals. See pages 49 to 52 of the report.

In 2008 and 2009 corporate responsibility audits were performed which included the audit of the implementation of environmental and social guidelines in eight projects financed by the Bank. These audits will be updated on a yearly basis and will comprise an audit of at least four projects every year. See pages 12 to 13 for more information.

FS11

The Bank pays particular attention to those projects falling within Annexes I and II of the EIA Directive and screened by the competent authority. In other words, projects that require an EIA are normally those where the Bank is involved proactively with its customers and stakeholders.

FS12

n.a.



Assurance statement



Independent Limited Assurance Report to European Investment Bank

We were engaged by the Management of EUROPEAN INVESTMENT BANK to provide limited assurance on the following information included in the “Corporate Responsibility Developments in 2009” report for the year ended December 31, 2009 of EUROPEAN INVESTMENT BANK (“the Report”): indicators in the Report marked with a green tick  and statements in the Report marked with a red tick  prepared in accordance with reporting criteria applicable in 2009 at the Bank, as detailed on pages 103 to 108 of the Report.

EUROPEAN INVESTMENT BANK Management’s responsibility for the Report

EUROPEAN INVESTMENT BANK’s Management is responsible for the preparation and presentation of the Report, and the information and assertions contained within it, in accordance with reporting criteria applicable in 2009 at the Bank as detailed on pages 103 to 108 of the Report; for determining the EUROPEAN INVESTMENT BANK’s objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Responsibility of the Réviseur d’Entreprises agréé

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the indicators in the Report marked with a green tick  and statements in the Report marked with a red tick  are free from material misstatement.

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the Report.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources.
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the report.

- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of EUROPEAN INVESTMENT BANK ("the Bank").
- With regard to the financial data included in the Report marked with a green tick and statements in the Report marked with a red tick , verifying that they were correctly derived from the Bank's 2009 audited financial statements, when applicable.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the indicators in the Report marked with a green tick and statements in the Report marked with a red tick are not prepared, in all material respects, in accordance with reporting criteria applicable in 2009 at the Bank, as detailed on pages 103 to 108 of the Report.

Luxembourg, July 14, 2010

KPMG Audit S.à r.l.
Cabinet de révision agréé

E. Dollé





GRI CONTENT INDEX:

selection of GRI indicators used by the EIB

GRI Ref number	GRI Indicator	Source	Page(s) (1)
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, Chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	CR Developments 2009	4
1.2	Description of key impacts, risks, and opportunities	CR Developments 2009 Operational Strategy 2010-2012	11-13, 17-19, 48-49 http://www.eib.org/attachments/strategies/cop_2010_en.pdf
Profile			
2. Organisational profile			
2.1	Name of the organisation	CR Developments 2009	Cover page, back page
2.2	Primary brands, products, and/or services	Website	http://www.eib.org/products/index.htm
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	CR Report 2005 Website	17-19 http://www.eib.org/about/group/index.htm http://www.eib.org/about/structure/index.htm
2.4	Location of organisation's headquarters	CR Developments 2009	Back page
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Website Annual Report 2009 – Volume III, Statistical Report	http://www.eib.org/projects/regions/index.htm 5
2.6	Nature of ownership and legal form.	Website	http://www.eib.org/about/index.htm http://www.eib.org/about/group/index.htm
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Annual Report 2009 – Volume III, Statistical Report Website	5, 48, 49 http://www.eib.org/projects/index.htm
2.8	Scale of the reporting organisation	Annual Report 2009 – Volume II, Financial Report	2, 8, 13
2.9	Significant changes during the reporting period	CR Developments 2009	17-19
2.10	Awards received in the reporting period	CR Developments 2009	47, 64-65
3. Report Parameters			
Report Profile			
3.1	Reporting period for information provided	CR Developments 2009	Cover page
3.2	Date of most recent previous report	CR Developments 2009	15
3.3	Reporting cycle (annual, biennial, etc.)	CR Developments 2009	15
3.4	Contact point for questions regarding the report or its contents	CR Developments 2009	Back page
Report Scope and Boundary			
3.5	Process for defining report content	CR Developments 2009	15
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	CR Developments 2009	6
3.7	State any specific limitations on the scope or boundary of the report	CR Developments 2009	15
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	Annual Report 2009 – Volume II, Financial Report	Cover page, 18
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	CR Developments 2009	15, 32-33, 37-38
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	CR Developments 2009	15

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	CR Developments 2009	15, 88
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GRI Content Index

3.12	Table identifying the location of the Standard Disclosures in the report	CR Developments 2009	98-100
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Assurance

3.13	Policy and current practice with regard to seeking external assurance for the report	CR Developments 2009	15, 101-102
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4. Governance, Commitments, and Engagements

Governance

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific task, such as setting strategy or organisational oversight	Website	http://www.eib.org/about/structure/governance/index.htm
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organisation's management and the reasons for this arrangement)	Website EIB Statute	http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/attachments/general/statute/eib_statute_2007_en.pdf
4.3	Number of members of highest governance body that are independent and/or non-executive	Website	http://www.eib.org/about/structure/governance/board_of_directors/index.htm
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	CR Report 2005 CR Developments 2009 EIB Statute	95-97 72-74 http://www.eib.org/attachments/general/statute/eib_statute_2007_en.pdf
4.5	Linkage between compensation for members of the highest governance body, senior manager, and executives including departure arrangements, and the organisation's performance (including social and environmental performance)	Website	http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/about/structure/governance/management_committee/index.htm http://www.eib.org/about/structure/governance/nominations-and-remunerations.htm http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	CR Report 2005 Board of Directors code of conduct	20 http://www.eib.org/attachments/thematic/conductCA_en.pdf http://www.eib.org/about/news/meetings-of-the-board-of-directors-in-2009.htm
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	Website EIB Statute	http://www.eib.org/about/structure/governance/board_of_governors/index.htm http://www.eib.org/about/structure/governance/board_of_directors/index.htm http://www.eib.org/attachments/general/statute/eib_statute_2007_en.pdf
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	CR Report 2005 CR Report 2006 CR Developments 2007 CR Developments 2009 Website	12,13, 21-25 14 20,21 21, 28-30 http://www.eib.org/about/mission/index.htm
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence to or compliance with internationally agreed standards, codes of conduct, and principles	Website CR Report 2005 CR Developments 2009	http://www.eib.org/projects/topics/environment/organisation/index.htm 24, 30-32 12-13
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Website	http://www.eib.org/about/structure/governance/management_committee/index.htm

Commitment to External Initiatives

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	The EIB Statement of Environmental and Social Principles and Standards 2009	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
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4.12	Externally developed economic, environmental, and social charter, principles, or other initiatives to which the organisation subscribes or endorses	CR Report 2006 CR Developments 2007 Website	43 21, 22 http://www.eib.org/infocentre/epe/index.htm http://www.eib.org/attachments/strategies/sourcebook-on-eu-environmental-law.pdf http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
4.13	Memberships of associations and/or national/international advocacy organisations	CR Developments 2008 CR Developments 2009	7 43-44
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organisation	Website	http://www.eib.org/about/partners/cso/index.htm
4.15	Basis for identification and selection of stakeholders with whom to engage	CR Report 2006	37
4.16	Approaches to stakeholder engagement, including frequency or engagement by type and by stakeholder group	CR Developments 2009	39-41 http://www.eib.org/about/partners/cso/events/index.htm
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	CR Developments 2009 Website	39-41 http://www.eib.org/about/news/public-consultation-on-eibs-eib-statement-of-environmental-and-social-principles-and-standards.htm?lang=en
Economic Performance Indicators			
	Disclosure on management approach	CR Developments 2009 Operational Strategy 2010-2012	98 http://www.eib.org/attachments/strategies/cop_2010_en.pdf
Economic Performance			
EC1	Direct economic value generated and distributed, including revenues, operating cost, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Annual Report 2009 – Volume II, Financial Report	23, 24
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	CR Developments 2009	59, 61-62
EC3	Coverage of the organisation's defined benefit plan obligations	Annual Report 2009 - Volume II, Financial Report	32, 33, 50
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Annual Report 2009 – Volume III, Statistical Report	50
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Annual Report 2009 – Volume I, Activity Report	5, 6
Environmental Performance indicators			
	Disclosure on management approach	CR Developments 2007 CR Developments 2009	63 45, 98
Materials			
EN1	Materials used by weight or volume	CR Developments 2009	87-90
EN2	Percentage of materials used that are recycled input materials	CR Developments 2009	87-90
Energy			
EN3	Direct energy consumption by primary energy source	CR Developments 2009	87-90
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services	CR Developments 2009	87-90
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	CR Developments 2009	87-90
Water			
EN8	Total water withdrawal by source	CR Developments 2009	87-90
EN9	Water sources significantly affected by withdrawal of water	CR Report 2006	98
EN10	Percentage and total volume of water recycled and reused	CR Report 2006	98
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	CR Report 2006 CR Developments 2007	98 40, 41

EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and area of high biodiversity value outside protected areas.	CR Report 2006 CR Developments 2007	98 39, 40
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Emissions, Effluents, and Waste

EN16	Total direct and indirect greenhouse gas emissions by weight	CR Developments 2009	87-90
EN17	Other relevant indirect greenhouse gas emissions by weight	CR Developments 2009	87-90
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	CR Developments 2009	87-90
EN19	Emissions of ozone-depleting substances by weight	CR Developments 2009	87-90
EN21	Total water discharge by quality and destination	CR Report 2006 CR Developments 2009	98 87-90
EN22	Total weight of waste by type and disposal method	CR Developments 2009	87-90
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	CR Report 2006	98

Products and Services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	CR Developments 2009	45
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Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	CR Developments 2009	32
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Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	CR Developments 2009	87-90
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Overall

EN30	Total environmental protection expenditures and investments by type	CR Developments 2009	55, 58, 64
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Environmental performance - indicators specific to the banking sector

	Disclosure on management approach	CR Developments 2009 The EIB Statement of Environmental and Social Principles and Standards 2009	45, 98 http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
FS1	Policies with specific environmental and social components applied to core business lines	CR Developments 2009 The EIB Statement of Environmental and Social Principles and Standards 2009	43, 61 http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf
FS2	Procedures for assessing and screening environmental and social risks in core business lines	CR Developments 2009 Environmental and Social Practices Handbook	48, 49 http://www.eib.org/attachments/access_to_information.pdf http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
FS3	Processes for monitoring client's implementation of and compliance with environmental and social requirements included in agreements or transactions	Environmental and Social Practices Handbook	http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	CR Developments 2009 Environmental and Social Practices Handbook	91-93 http://www.eib.org/about/publications/environmental-and-social-practices-handbook.htm
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	CR Developments 2009 Annual Report 2009 – Volume III, Statistical Report	8, 58 50
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	CR Developments 2009 Annual Report 2009 – Volume III, Statistical Report	55, 58 50
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	CR Developments 2009	12-13
F11	Percentage of assets subject to positive and negative environmental and social screening	CR Developments 2009	45, 48-49



Labour Practices and Decent Work			
	Disclosure on management approach	CR Developments 2007 CR Developments 2009	66 98
Employment			
LA1	Total workforce by employment type, employment contract, and region	CR Developments 2008	91-95
LA2	Total number and rate of employee turnover by age group, gender, and region	CR Developments 2007	91-95
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Occupational Health and Safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	CR Report 2006	105
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	CR Developments 2009	92
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases	CR Developments 2009	91-95
LA9	Health and safety topics covered in formal agreements with trade unions	CR Report 2005 CR Report 2006	90, 91 104, 105
Training and Education			
LA10	Average hours of training per year per employee by employee category	CR Developments 2009	93-94
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	CR Report 2005 CR Report 2006	94 111
LA12	Percentage of employees receiving regular performance and career development reviews	EIB Staff Regulations	http://www.eib.org/attachments/general/eib_staff_regulations_en.pdf
Diversity and Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Website CR Developments 2009	http://www.eib.org/about/structure/governance/index.htm 91
LA14	Ratio of basic salary of men to women by employee category	EIB Staff Regulations	http://www.eib.org/about/publications/salary-scale.htm?lang=en
Human Rights			
	Disclosure on management approach	CR Developments 2008 CR Report 2006	82 103
Investment and Procurement Practices			
HR2	Percentage of significant supplies and contractors that have undergone screening on human rights and actions taken	CR Report 2006	103
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	CR Developments 2009	93-94
Society			
	Disclosure on management approach	CR Developments 2009	44-45, 98
Community			
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	The EIB Statement of Environmental and Social Principles and Standards 2009 Environmental and Social Practices Handbook	http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf http://www.eib.org/attachments/environmental_and_social_practices_handbook.pdf
Corruption			
SO4	Actions taken in response to incidents of corruption	CR Developments 2009	26

Product Responsibility			
	Disclosure on management approach	CR Report 2005	20-21
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	CR Developments 2008	32
Corporate Social Responsibility (CSR) Management – indicators specific to financial services sector			
	Disclosure on management approach	CSR Statement CR Developments 2009	http://www.eib.org/attachments/strategies/statement_csr_en.pdf 11-12
Management system			
CSR 1	CSR Policy	CSR Statement	http://www.eib.org/attachments/strategies/statement_csr_en.pdf
CSR 2	CSR Organisation	CR Report 2005 CR Report 2007	28, 29 36, 37
CSR 3	CSR Audits	CR Report 2006 CR Developments 2007 CR Developments 2009	11, 36, 111 62 12-13
Sensitive Issues			
CSR 4	Management of Sensitive Issues	CR Developments 2009	18, 31-32
Participation			
CSR 6	Stakeholder Dialogue	CR Developments 2009	39-40
Internal Social Performance			
	Disclosure on management approach	CSR Statement CR Developments 2009	http://www.eib.org/attachments/strategies/statement_csr_en.pdf 91, 93
Policy			
INT 1	Internal CSR Policy	CR Developments 2009	11-12
Compensation			
INT 4	Senior Management Remuneration	Website	http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
INT 5	Bonuses Fostering Sustainable Success	Website	http://www.eib.org/about/news/remuneration-and-terms-of-employment-of-eib-staff.htm
Equal Opportunity			
INT 6	Female-Male Salary Ratio	EIB Staff Regulations, salary scale	http://www.eib.org/attachments/general/salary_scale_en.pdf
Performance to society			
	Disclosure on management approach	CR Developments 2009	17-19
Contributions			
SOC 1	Charitable Contributions	CR Report 2006 CR Developments 2007 CR Developments 2009	36 62 81
Economic Value Creation			
SOC 2	Economic Value Added	CR Developments 2009	48-49





Glossary

AAPs	Agreed Action Plans	ICF	Internal Control Framework
ABL	Access Bank Liberia	ICT	Information and Communication Technologies
ABM	Access Bank Madagascar	IEEP	Institute for European Environmental Policy
ACP	African, Caribbean and Pacific	IF	Cotonou Investment Facility
ADB	Asian Development Bank	IFC	International Finance Corporation
ADEMI	Banco de Ahorro y Crédito	IFIs	International Financial Institutions
AFD	Agence Française de Développement	ILO	International Labour Organisation
AfDB	African Development Bank	IMF	International Monetary Fund
ALA	Asia and Latin America	IPA	International Programmes of Assistance
AML-CFT	Anti-Money Laundering and Combating the Financing of Terrorism	IT	Information Technology
		i2i	Innovation 2010 Initiative
BBOP	Business and Biodiversity Offsets Programme	IUCN	International Union for the Conservation of Nature and Natural Resources / The World Conservation Union
BSS	Baltic Sea Strategy		Joint Action to Support Microfinance Institutions in Europe
CAB	Climate Awareness Bond	JASMINE	
CAMWATER	Cameroon Water Utilities Corporation	JASPERS	Joint Assistance to Support Projects in European Regions
CDC	Caisse des Dépôts	JEREMIE	Joint European Resources for Micro to Medium Enterprises
CEB	Council of Europe Development Bank	JESSICA	Joint European Support for Sustainable Investment in City Areas
CGAP	Consultative Group to Assist the Poor		
CIP	Competitiveness and Innovation Programme	KfW	Kreditanstalt für Wiederaufbau
CM	Complaints Mechanism	KMDA	Kenmare Moma Development Association
CO	Complaints Office	LFS	LFS Financial Systems
CO ₂	Carbon dioxide	Marguerite	2020 European Fund for long-term institutional investors
COP	Corporate Operational Plan		
COPEC	Joint Committee on Equal Opportunities for Men and Women	MCMI	Marseille Centre for Mediterranean Integration
CoR	Committee of the Regions	MDBs	Multilateral Development Banks
COREPER	Permanent Representatives Committee	MDGs	Millennium Development Goals
CPPPT	Joint Committee on Protection and Prevention at Work	MEF	Microfinance Enhancement Facility
CR	Corporate Responsibility	MEHSIP	Mediterranean Hot Spot Investment Programme
CSOs	Civil Society Organisations	MEPs	Members of European Parliament
CSR	Corporate Social Responsibility	MFI	Microfinance Institutions
DEFRA	UK Department for Food, Environment and Rural Affairs	MIVs	Microfinance Investment Vehicles
DFIs	Development Finance Institutions	MPC	Mediterranean Partner Countries
DG TREN	Energy and Transport Directorate-General (European Commission)	MRI	Mutual Reliance Initiative
		MSMEs	Micro, Small and Medium-sized Enterprises
EBRD	European Bank for Reconstruction and Development	MTR	Mid-Term Review
EC	European Commission	MW	Megawatt
ECG	Evaluation Cooperation Group	NBFIs	Non-Bank Financial Institutions
ECOFIN	Economic and Financial Affairs Council	NGOs	Non-Governmental Organisations
ECTF	European Clean Transport Facility	NEFCO	Nordic Environment Finance Corporation
EDFIs	European Development Finance Institutions	NIB	Nordic Investment Bank
EE	Energy Efficiency	OCCO	Office of the Chief Compliance Officer
EESC	European Economic and Social Committee	OCTs	Overseas Countries and Territories
EFP	European Financing Partners	OECD	Organisation for Economic Co-operation and Development
EFW	Energy from Waste	OFCs	Offshore Financial Centres
EIA	Environmental Impact Assessment	OFID	OPEC Fund for International Development
EIB	European Investment Bank	OLAF	European Anti-Fraud Office
EIF	European Investment Fund	OPEC	Organisation of the Petroleum Exporting Countries
EITI	Extractive Industry Transparency Initiative	PIR	Proactive Integrity Review
ELENA	European Local Energy Assistance	PJ	Projects Directorate
EMAS	EC's Eco-Management and Audit Scheme	PMF	PROGRESS Microfinance Initiative
EMS	Environmental Management System	PPP	Public-private partnership
EO	European Ombudsman	PV	Photovoltaic
EP	European Parliament	RCM	Risk Capital Microfinance Mandate
EPE	European Principles for the Environment	RDI	Research, Development and Innovation
EPEC	European PPP Expertise Centre	RE	Renewable Energy
ESG	Environmental, Social and Governance	RSFF	Risk-Sharing Finance Facility
ESIAF	Economic and Social Impact Assessment Framework	SAGs	Social Assessment Guidelines
ESO	Environmental and Social Office	SAS	Staff Attitude Survey
EU	European Union	SEK	Swedish krona
EUR	Euros	SMEs	Small and medium-sized enterprises
EV	Operations Evaluation	SRI	Socially Responsible Investment
FATF	Financial Action Task Force	SWG	Social Working Group
FEMIP	Facility for Euro-Mediterranean Investment and Partnership	TA	Technical Assistance
		TEN-T	Trans-European Transport Networks
FYROM	Former Yugoslav Republic of Macedonia	TENS	Trans-European Networks
GBP	Pounds Sterling	TPS	Transactions Per Second
GEEREF	Global Energy Efficiency and Renewable Energy Fund	UK	United Kingdom
GHG	Greenhouse gas	UN	United Nations
GRI	Global Reporting Initiative	UNFCCC	United Nations Framework Convention on Climate Change
GWh	Gigawatt hour	USD	United States dollar
G20	Group of 20 nations from the world's highly developed economies	WB	World Bank
ha	hectare		
HIV	Human Immunodeficiency Virus		
HR	Human Resources Department		

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Feedback Form

We hope that you have found this year's report and its accompanying supplementary information to be of interest to you. We would be grateful if you would fill in the following form and return it to us with your comments. Thank you.

FEEDBACK FORM – STRICTLY CONFIDENTIAL

Please return by fax to: (+352) 43 79 – 63362

Company name and address

.....

Name

Title

Portfolio Manager Analyst Rating Civil Society Group
 Non-Governmental Organisation Other

Email

EIB CR REPORTING AND PERFORMANCE

1 Overall, how would you rate the EIB's Corporate Responsibility Developments Report?				
Extremely useful			Not at all useful	
1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
2 Please rate this report according to the following criteria:				
	Excellent	Fair	Poor	
User-friendliness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Completeness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3 On the basis of this report how do you rate the EIB's contribution to sustainable development?				
Strong			Poor	
1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>
4 Has this report changed your opinion of the EIB with regard to CR?				
Yes <input type="checkbox"/>	No <input type="checkbox"/>			
If yes:				
Much better			Much worse	
1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>

5 What information would you like to see in future reports?

.....

6 Questions: (you can also e-mail questions to alcarpe@eib.org)

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7 If the EIB holds presentations relevant to stakeholders in the future, would you be interested in attending?

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