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## **Comments on the EIB statement of environmental and social principles and standards**

### **Prepared by WWF European Policy Office**

With an annual lending portfolio of more than EUR 45 billion, the European Investment Bank (EIB) is one of the largest public international financial institutions (IFI) in the world. The EIB is increasingly involved in lending operations outside the European Union and now has an investment portfolio extending to 130 countries. Its support for projects in South Africa, Asia, Balkans, the Middle East, Latin America and the African, Caribbean, Pacific (ACP) countries constitutes a significant portion of lending under the European Union's (EU) external development and economic cooperation programmes.

The following comments are submitted by the WWF European Policy Office in response to the consultation exercise initiated by the Bank on its environmental and social safeguards.

### **1. General comments/Horizontal issues**

WWF has read the submission of its partner organisation in the Green 10 environmental network, the CEE Bankwatch Network. WWF agrees in large part with the statements and observations in that submission. The following areas of agreement are highlighted.

- The EIB should avoid the use of vague language when presenting the environmental and social principles and standards. The statement should contain specific links to EU law and practices implementing the EU environment and social principles. Principles in the Treaty such as the precautionary principle, prevention of pollution at source and the polluters pay principle should be emphasized.
- The EIB statement should aim for equal environmental and social standards for operations both outside and inside the EU countries. The EIB should promote EU policies and standards when operating outside the EU.
- The absence of national Environmental Impact Assessment (EIA) laws is not a justification for financing a project without an EIA. The EIA standards and procedures should not be subject to discussion with project's promoters.
- Requiring a sound EIA process in countries without relevant legislation is a standard procedure for other Multilateral Development Banks like the World Bank and European Bank for Reconstruction and Development (EBRD). WWF agrees with Bankwatch that it would be unacceptable for an EU institution to require lower standards than these other institutions.
- The Bank should establish minimum criteria for its participation. This should be in line with the fundamental EU environmental and social standard and practices and International Conventions adopted by EU and country of operation.
- The EIB refers to the Equator Principles as an accepted approach when dealing with countries outside the EU. The EIB is not listed as an institution on the Equator principles website as a supporting institution. This leaves in doubt the commitment the Bank has towards the principles inside and outside Europe.

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- The EIB statement is missing important social elements including policies in development aid, conflict resolution, human rights, poverty alleviation, and good governance standards.
- The EIB must establish clear criteria for renewable energy and energy efficient lending.
- The EIB should be more specific about how it intends to implement the recommendations of the Extractive Industries Review and the World Commission on Dams.

## **2. Other WWF comments**

- In several places in the standards document, the EIB uses the conditional tense. The EIB should avoid the usage of “may” when referring to the usage of requirements and standards. This provides a lack of clarity regarding which standards are being adhered to, when and where, making monitoring and any independent evaluation extremely difficult - if not impossible.
- The EIB needs to develop policies, standards and specific Performance Requirements for sectors such as extractive industries, freshwater conservation and wise use, funding for hydropower, coastal and marine management/protection and forestry.
- Policies for waste management and the leakage of toxic substances into the environment need to be further elaborated, especially regarding extractive industries and mining wastes.

## **3. Climate change**

- WWF welcomes the fact that the EIB has acknowledged that climate change is a major issue that needs to be addressed in all aspects of its lending. It is important that the Bank is “climate-proofing” its sector lending policies to make them more consistent with EU climate policy. It is important too that the EIB, in cooperation with other IFIs, is exploring different methodologies for measuring the carbon footprint of its projects so as to better understand and influence the climate impacts of Bank lending.
- However, WWF believes the climate change statement should be further elaborated. The EIB must establish lending criteria for mitigation and adaptation measures consistent with EU law and climate policies to address the imperative of avoiding global temperature increases of more than 2°C.
- The EIB should present a plan for phasing out of investment in fossil fuels and a programme for investments in renewable technologies and cleaner energy supply.
- The EIB standards should refer to greenhouse gas standards that promoters should be required to follow and apply appropriate mitigation measures to.

## **4. Biodiversity**

- We welcome the fact that the EIB applies the principles and standards reflected in the EU nature conservation Directives on Habitats and Birds notably the EU Natura 2000 Network<sup>1</sup> and the EU Environmental Liability Directive<sup>2</sup> within the EU.
- It is also welcome that the EIB provides some pre-defined criteria for not financing projects regarding their negative effect on habitats and species. However, the EIB’s pre-defined criteria for not financing

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<sup>1</sup> [http://ec.europa.eu/environment/nature/natura2000/index\\_en.htm](http://ec.europa.eu/environment/nature/natura2000/index_en.htm)

<sup>2</sup> <http://europa.eu/scadplus/leg/en/lvb/l28120.htm>

projects regarding their impact on biodiversity need to be more fully elaborated and should be enlarged to cover: wetlands protection; extractive industries; world heritage areas (UNESCO sites); protected areas; (use of toxic substances; waste management, including waste from extractive industries.

- The EIB should ensure respect for international obligations under the UN Convention on Biological Diversity (CBD)

## **5. The EIB's responsibilities as a development partner**

- The EIB's support to development projects in ACP countries and Overseas Countries and Territories should contribute to and be coherent with the development objectives defined in the Country and Regional Strategy Papers, including taking into account the environmental priorities and vulnerabilities defined in Environmental Profiles.
- The EIB should contribute to joint Strategic Environmental Assessments with the EU Commission, Member States, other donors and the country concerned, for example of sector support for infrastructure, energy and water.
- "The EIB applies a presumption of legality – that national legislation conforms to EU legislation and is implemented and enforced – unless there is evidence to the contrary." (Paragraph 5 of the Preamble). In many developing countries, institutional capacity for the enforcement of environmental legislation is often recognised as weak. Therefore the EIB should apply due diligence and ensure that in fact the national legislation is adequate to ensure the proper implementation of environmental and social safeguards.
- WWF welcomes the EIB's commitment to high standards for Environmental Impact Assessments supplemented where necessary by other good international practice (paragraph 23). In particular, WWF would suggest that the EIB ensures that EIAs are carried out in a participatory and transparent manner to facilitate the involvement of affected stakeholders.

## **6. Other Points**

- Both the EIB and EBRD are signatories to the European Principles for the environment (EPE)<sup>3</sup>. These principles appear to be more strictly interpreted by the EBRD. The EIB must be more explicit about the link between these principles and its lending policies and guidelines.
- How does the Bank intend to use carbon footprint calculations to influence specific bank lending for projects? What are the examples of the mitigating or adaptation measures that will be linked to the carbon footprint calculations? Will these mitigation and/or adaptation measures be made a conditional part of project lending and the financing of projects?

### **For further information:**

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<sup>3</sup> [http://www.eib.org/attachments/strategies/eib\\_statement\\_esps\\_final\\_first\\_consultation\\_en.pdf](http://www.eib.org/attachments/strategies/eib_statement_esps_final_first_consultation_en.pdf) (p. 12)