

### Comments, Question & Answer Panel 3

#### Standards' framework for EIB operations (international standards/conventions, EU law)

##### Summary:

After the presentations of the third panel the lively discussion from the morning continues. The discussion on different aspects of environmental and social criteria for lending outside of the EU is taken up again.

On the question if there are any structural/legal constraints to adopt social and environmental standards for outside the EU, Mr. Maertens emphasises that there are no such constraints, that the general lines are set out and that he will take messages on these issues voiced today back to the EIB. He also points out that the EIB does not set its own goals and policies, thus it also does not set exact requirements. The fact that this lies with the other EU institutions is stressed by Mr. Maertens, as a reaction to the earlier brought up question "what does the EIB want to be?".

Steve Herz stresses that there is the requirement to do an EIA before the start of a project also outside of the EU. However, he thinks that this is only a basic commitment and that there is plenty of room still to state more specific requirements. In addition, rewriting the environmental statement of the EIB and stating clearly which measures are mandatory and which are not would solve problems according to him. Also Tom Griffiths reemphasises that the EIB itself needs to codify its standards. It is pointed out by a member of CEE Bankwatch that, whereas there is the possibility to go to court if one disagrees with the EIA undertaken within the EU member states, this is often not possible within countries outside the EU. Furthermore Mr. Bissell mentions that in the case of lending within the EU, countries are borrowers and lenders at the same time, which creates political discussion – this is not the case for EIB lending outside the EU. It is pointed out by Mr. Griffiths that regarding borrower countries outside the EU, the talking to lenders and borrowers needs to be framed in a positive and constructive way. Most of the conventions are also signed by borrower countries as well as most of the Human Rights instruments. This needs to be framed in a progressive debate rather than setting limitations and requirements.

This leads to a question from Mr. Geiger (WWF) about whether there should be a clear separation between loans inside and outside the EU. Mr. Maertens (EIB) stresses that currently attempts are made to do this. He does not see any legal barriers to separate the two areas, however he sees constraints from the side of politicians.

Further questions are raised on the differences in standards between direct (for projects directly) or indirect (through intermediary financial institutions) lending. Consequently the existence of gaps in policies on indirect lending is brought up.

The adoption of the Millennium Development Goals by the EIB fosters debate as well; Ms. Zimmer (EP) underlines that more pressure on the EU member states to change the political and lending mandate of the bank is needed. Mr. Raffer points out that the MDGs should not be financed by loans but grants. Mr. McDonough (EIB) mentions that only two MDGs are applicable to EIB projects: one is applicable to the water sector, which though is only financed by subsidies and not by loans; and the second applicable is

job creation (poverty alleviation) financed by loans only going to SME's. He believes that EIB projects contribute to these goals.

Again aspects of the complaint mechanisms of IFIs are discussed. Mr. Tanchuling (Freedom of Debt Coalition) brings up the question of providence of reparations by banks. Mr. Bissell answers that there have been cases where, within the resources of a project or of a linked project, reparations have been made. Also with the World Bank there is a new provision of follow up in cases of harm caused to indigenous people. Legally however, the IFIs are immune to claims. Reparation can sometimes be claimed against the state.

As a closing remark Mr. Tricarico brings up the Commission's coherence on this subject and refers to the misspending of project-money, going often to multinationals. He asks: *"Why can this not be an experience to sit around the table with people from local communities, developing countries and others to agree on what the legal framework on this can be internationally?"*