



Ella Skybenko & Mauricio Lazala
Business & Human Rights Resource Centre

Luxembourg, 16 July 2020

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EIB – Corporate Use

Dear Ms Skybenko, Dear Mr Lazala,

We refer to your message of 10 July 2020 inviting the European Investment Bank (EIB) to comment on your report *“The Impact of International Financial Institutions on the Environment and Socio-Economics: The Cases from Armenia and the World”*.

The EIB welcomes constructive comments from interested stakeholders regarding its projects and activities, and appreciates the opportunity to comment on your report. We regret however not having been contacted prior to the publication of this report, which may have avoided some misleading statements and outdated information.

We would first like to inform you that, contrary to what is stated in your message, the EIB has not been involved in the financing of the Amulsar gold mine in Armenia. Similarly, the EIB loan for the Nenskra hydropower plant in Georgia has not been signed and there is currently no EIB financing in place for this project. Information on the status of the EIB loan for this project, together with environmental and social documents related to the project, are published on the EIB website¹.

With regard to the Yerevan Solid Waste Project, for a total cost of EUR 28.4m, this project has undergone a stringent and comprehensive appraisal to ensure all applicable standards and criteria are fully respected. While the project initially comprised a waste diversion component that was intended to include separate collection equipment, recycling centres, a material recovery facility and a composting facility, this component is now pursued by the Municipality of Yerevan with other sources of funding. Furthermore, while efforts are made to divert waste from landfill, there will be a need to continue to dispose residual waste in the new properly designed and operated sanitary landfill that will be constructed under the project. Finally, the project comprises landfill gas collection systems both for the existing and new landfill, and it is foreseen that energy will be recovered from the collected landfill gas. The project comprises only the construction of the first two cells in the landfill. The two cells will together have an estimated life of up to 10 years. In addition, within the project, two existing landfills will be closed during the implementation phase, in compliance with international requirements and standards. For more information, please refer to the Environmental and Social Impact Assessment (ESIA) documentation and the Environmental and Social Data Sheet (ESDS), available on the EIB project website.²

As the Bank of the EU, the EIB's efforts and commitments in fighting climate change have been widely acknowledged. The EIB is the first International Finance Institution (IFI) to phase out support to energy projects reliant on all types of fossil fuels, including natural gas projects, putting the EIB at the forefront of the financing community in terms of climate ambitions.

The EIB fully shares your concerns regarding the environmental, social and human rights aspects of projects and applies stringent standards in its own independent assessment of technical, economic, financial, and environmental and social issues of projects that it considers to finance. Projects would have to demonstrate compliance and alignment with applicable EU and national laws and regulations,

¹ <https://www.eib.org/en/projects/pipelines/all/20150670>

² <https://www.eib.org/en/projects/pipelines/all/20150017>

as well as with the EIB's Environmental and Social Standards³. Respect for these standards is safeguarded not only at the due-diligence stage, but also through the inclusion of contractual obligations and project monitoring.

Contrarily to what is suggested in your report, the EIB proactively publishes a significant amount of information and documents on its website and everyone has the right to ask for the disclosure of any additional information and documents that the EIB holds. The EIB Group's Transparency Policy⁴ is indeed guided by the presumption of disclosure, whereby all information and documents requested will be disclosed unless covered by the Policy's limited exceptions that protect legitimate interests. The Policy is based on the principle of non-discrimination and equal treatment, in line with EU legislation.

In addition, and contrarily to what is suggested in your report, the EIB has a zero tolerance policy on prohibited conduct (including fraud, corruption, collusion, coercion, obstruction, money laundering and financing of terrorism) regarding its operations and activities, and investigates all allegations of prohibited conduct in line with its Anti-fraud Policy⁵. Since the beginning of 2017 the EIB Group has also taken additional measures to enhance its procedures and practices aimed at avoiding EIB Group operations being misused for tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism purposes⁶.

Finally, and contrarily to what is suggested in your report, please note that the EIB has an effective and well-functioning Complaints Mechanism⁷ (EIB-CM) which gives citizens and local communities a voice when their rights and interests are affected by the EIB-financed operations. It enables alternative and pre-emptive resolution of disputes between complainants and the EIB Group. In addition, the Complaints Mechanism assists the EIB Group, for the common purpose of good administration by proposing corrective actions and issuing recommendations on possible improvements to the implementation of its activities.

Addressing complaints of any kind is a Group-wide responsibility as it helps the EIB Group to enhance its performance and activities. For this purpose, and on the basis of a Memorandum of Understanding (MoU) signed with the European Ombudsman, the EIB Group has a two-tier Complaints Mechanism composed of an internal tier – the Complaints Mechanism Division – and an external one – the European Ombudsman. This two-tier system, with an external and fully independent body, makes the EIB-CM unique amongst the multilateral development institutions.

The new EIB-CM Policy was approved in November 2018 following an extensive public consultation to which several civil society organisations, including the advocacy NGOs mentioned in your report, actively participated.

We hope that you find this information useful and remain at your disposal should you need any further clarifications.

Yours sincerely,

EUROPEAN INVESTMENT BANK



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³ <https://www.eib.org/en/publications/environmental-and-social-standards.htm>

⁴ <https://www.eib.org/en/publications/eib-group-transparency-policy.htm>

⁵ <https://www.eib.org/en/about/accountability/anti-fraud/index.htm>

⁶ <https://www.eib.org/en/about/compliance/tax-good-governance/index.htm>

⁷ <https://www.eib.org/en/about/accountability/complaints/index.htm>