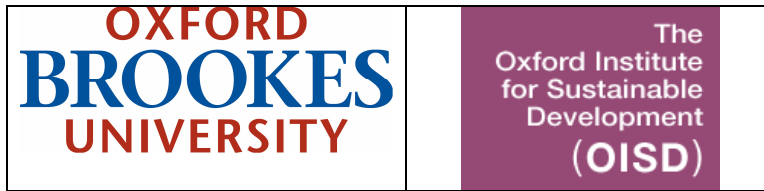


*'Creating Sustainable Environments'*



**SUBMISSION TO EIB CONSULTATION ON THE DRAFT EIB STATEMENT OF ENVIRONMENTAL AND SOCIAL PRINCIPLES AND STANDARDS**

by

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**(Note: the views expressed are those of the individuals listed above and not of the Institute as a whole)**

## 1.0 Overview of OISD

The Oxford Institute for Sustainable Development (OISD), which is based within the School of the Built Environment at Oxford Brookes University, was established in July 2004. OISD has six main research groups, and is the largest academic research institute in the UK dedicated to research on sustainable development in the built environment. The website is at: <http://www.brookes.ac.uk/schools/be/oisd/>

A recent HEFCE report into sustainable development in higher education in England suggests that the Oxford Institute for Sustainable Development (OISD) is one of the key players in sustainable development research. OISD is also a member of the UK Green Building Council.

The mission of OISD, which has a multidisciplinary focus, is to help create a sustainable future by undertaking research on sustainability in the built and natural environments. OISD is currently carrying out a range of funded research for the research councils, industry and the public sector (including government).

Within its portfolio of funded research, Prof. Tim Dixon and Dr Andrea Colantonio of OISD are currently leading a project on social sustainability and urban renewal which is funded through the EIBURS programme and runs from 2006-2009. The research is focusing on the following issues within an EU context, examining a range of urban renewal projects and related infrastructure covering commercial and residential development:

- Definitions and measures of 'social sustainability': a review and critique.
- Implementation - to what extent and in what ways is social sustainability incorporated within urban renewal projects within the EU? What is the optimum balance between commercial and residential development (or in residential projects, tenure and income mix) in order to provide the widest social benefits?
- Best practice techniques - how can we learn from the way in which social sustainability has been incorporated in projects? How do lenders and investors approach social sustainability for urban renewal projects?
- New tools - can improved tools be developed to assess social sustainability and also enhance its consideration in decision processes and project / programme outcomes? Can these tools also be used in projects based within transition (new member) states? How do the new tools fit the existing institutional and planning frameworks and what are the implications for investment lending?

Further information can be found at

[http://www.brookes.ac.uk/schools/be/oisd/sustainable\\_communities/index.html](http://www.brookes.ac.uk/schools/be/oisd/sustainable_communities/index.html)

The response to the consultation is based on this continuing research.

## 2.0 Overall Response of OISD

The draft EIB Statement of Environmental and Social Principles and Standards (simply called 'EIB Statement' in the remainder of this document) sets out to define the Bank's approach to the consideration of the environmental and social implications stemming from their project financing operations.

Broadly speaking, the document focuses on the examination of environmental standards, and comparatively little is said about social standards and guiding principles. In addition, important instrumental definitions for the operationalisation of key concepts such as sustainable development and sustainability are not covered in detail in the EIB Statement and the Environmental and Social Practices Handbook.

Essentially the document is an important step forward by EIB in providing important guidance for stakeholders and end users in the following areas: principles, standards, assessment methods, sustainable development and social sustainability, and participation. In this sense the document is to be welcomed and addresses a number of very important issues for key stakeholders.

In this context we would make the following recommendations:

- **Principles:** *The Statement should recognise the importance of a range of principles which include the uncertainty principle; intragenerational equity; intergenerational equity; recognition and preservation of diversity; protection and promotion of health and safety.*
- **Standards:** *The EIB should consider providing greater clarity for the important standards it mentions in the statement.*
- **Assessment methods:** *The in-depth analysis on these aspects is outside the scope of this response to the consultation. However, in the EIB Statement, it would be worth clarifying whether, and to what extent, the Bank is considering the use of sustainability assessment methods in their operations.*
- **Sustainable development:** *The theoretical and operative approach to sustainable development by the EIB would seem to be missing from the glossary. Thus the EIB Statement would be significantly improved if it included more explicit reference to the definition of 'Sustainable Development' as defined and interpreted by the EIB.*
- **Social sustainability:** *In our view, the EIB Statement would be further strengthened if the guidelines, principles and values at the core of EIB's approach to social sustainability were included in the document and/or in the related Environmental and Social Practices Handbook (in relation to EU and non-EU countries). This could include specific reference to the relevant EU policies and regulations which set the context.*
- **Participation and project monitoring:** *It is recommended that the EIB supports (together with project promoters) public participation that goes beyond mere consultation. This should be done at very early stages of the project proposal rather than at the implementation stages when changes and modifications may become too costly or unfeasible. Within this context, it could even be suggested that public participation and the engagement with the public at early stages could be considered a formal requirement of all project proposals submitted to the Bank. It is also recommended that post-completion monitoring on a regular basis is also carried out to ensure value for money and long-term sustainability in urban renewal projects.*
- **Climate change and environment:** *The EIB should strongly consider identifying and including explicit methodologies in its statement which identify how projects are to be assessed for climate change impact on a sectoral basis.*

### 3.0 Principles

The principles endorsed by the EIB logically stem from the European Principles for the Environment (EPE) and the Treaty on the European Union. These encompass the Integration Principle, the Precautionary Principle and the Prevention Principle. However, there are other important guiding principles widely endorsed at international level, especially from a sustainable development perspective, which may also be taken into account in the evaluation of funding proposals and project appraisal by the EIB, and should also be recognised. These include (definitions provided by the International Association of Impact Assessment<sup>1</sup>):

Uncertainty Principle: It must be recognised that our knowledge of the social world and of social processes is incomplete and that social knowledge can never be fully complete

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<sup>1</sup> International Association of Impact Assessment (IAIA), 2003, *Social Impact Assessment International Principles*, Special Publication Series No. 2

because the social environment and the processes affecting it are changing constantly, and vary from place to place and over time.

*Intragenerational Equity:* The benefits from the range of planned interventions should address the needs of all, and the social impacts should not fall disproportionately on certain groups of the population, in particular children and women, the disabled and the socially excluded, certain generations or certain regions.

*Intergenerational Equity:* Development activities or planned interventions should be managed so that the needs of the present generation are met without compromising the ability of future generations to meet their own needs.

*Recognition and Preservation of Diversity:* Communities and societies are not homogenous. They are demographically structured (age and gender), and they comprise different groups with various value systems and different skills. Special attention is needed to appreciate the existence of the social diversity that exists within communities and to understand what the unique requirements of special groups may be. Care must be taken to ensure that planned interventions do not lead to a loss of social diversity in a community or a diminishing of social cohesion.

*The Protection and Promotion of Health and Safety:* Health and safety are paramount. All planned interventions should be assessed for their health impacts and their accident risks, especially in terms of assessing and managing the risks from hazardous substances, technologies or processes, so that their harmful effects are minimized, including not bringing them into use or phasing them out as soon as possible. Health impacts cover the physical, mental and social well-being and safety of all people, paying particular attention to those groups of the population who are more vulnerable and more likely to be harmed, such as the economically deprived, indigenous groups, children and women, the elderly, the disabled, as well as to the population most exposed to risks arising from the planned intervention.

**Recommendations: The Statement should recognise the importance of a range of principles which include the uncertainty principle; intragenerational equity; intergenerational equity; recognition and preservation of diversity; protection and promotion of health and safety.**

#### 4.0 Standards

The document primarily focuses on the examination of environmental standards (i.e. the amount of text dedicated to environmental standards is over 5 times the text dedicated to the analysis of social standards<sup>2</sup>).

At a more substantial level, it is unclear which criteria underpin the standards and to what extent these take into account different regulatory contexts, cultural and religious diversity, and local social and economic development priorities that characterise different world regions and countries.

In this context, our research suggests that widely used criteria for standard setting include:

1. 'Benchmarking' values and performance against internationally recognised standards
2. Identifying 'sustainable' values for the standard.

In relation to the first criteria it is worth pointing out that, in developing countries, the standards are sometimes set on the basis of international practice, and do not account for context-specific factors. As a result, standards may be set at levels that are too high for local development conditions, thus representing *de facto* a hidden cost barrier.

In terms of the second criteria, it can prove difficult to establish how and who should set critical sustainable threshold values, such as minimal or optimal base level, for the standards. In addition, the availability of data as well as the source and reliability of that data has to be

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<sup>2</sup> In a broader sense 'environment' is mentioned twice as frequently as 'social'.

taken into account when using indicators to monitor performance<sup>3</sup> or the compliance with the standards.

At the implementation and firm level, it can also be argued that some standards are mere expressions of principles without mechanism for implementation, monitoring or verification of compliance. Some others entail a more rigorous process of examining, measuring, testing or otherwise determining the conformance with the requirements specified in an applicable standard<sup>4</sup>. It is therefore important that criteria and guidelines to measure the compliance with standards are clearly stated in the EIB Statement. This is especially true in light of the recent rise of voluntary industry standards and certification programmes.

The process of compliance to standard requirement can take different forms. For example it could be done through self-assessment (first party), through the assessment of an organisation buying a service from that entity (second party) or by an external third party. When the process is undertaken via a third party, which assess whether those assessed pass or fail the voluntary standards, it is called certification. Certification bodies, which are audited themselves in order to be 'accredited' are of various types<sup>5</sup>. They can be national and supra-national governments, international organizations such as ISO (International Organization for Standardization) or national and international civil society organizations such as the Marine Stewardship Council with sometime unclear relationship among them<sup>6</sup>. Furthermore there exist two type of methodologies for certification programmes<sup>7</sup>: (i) process-based, which uses created management systems tailored to particular businesses and (ii) performance – based, which uses externally set environmental, socio-cultural and economic criteria or benchmarks against which a business is judged.

It has been argued that industry and government certification schemes are more likely to be environmentally focused, whilst schemes proposed by non-governmental organisations generally include also social and economic criteria<sup>8</sup>. Furthermore, voluntary initiatives can be perceived as a competitive advantage that stem from a diversification strategy, and, in contrast, certification schemes may disadvantage smaller businesses. Indeed, these schemes often set criteria that go beyond the financial and technical capability of many small and locally-owned businesses<sup>9</sup>. For example, the current most popular environmental management system ISO 14001 costs between USD 20000 and 40000 for a medium sized-company and it is heavily engineering oriented. This may represent a barrier to many businesses to implement such system. As a result, recent studies have highlighted how the consideration of certain sustainability issues amongst corporations has so far been limited to a few larger organisations<sup>10</sup>.

**Recommendation: The EIB should consider providing greater clarity for the important standards it mentions in the statement.**

## 5.0 Assessment methods

Both the principles and standards of the EIB statement seem to be linked to Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) although there is no explicit mention of "Sustainability Assessment" which is an emerging appraisal method to evaluate the implications of policies, plans, and projects against sustainability criteria.

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<sup>3</sup> United Nations Commission on Sustainable Development (UNCSD), (2001), *Sustainable development of tourism*, UN, Zurich

<sup>4</sup> Font, X. and Bendell, J., (2002), *Standards For Sustainable Tourism For The Purpose of Multilateral Trade Negotiations*, World Tourism Organisation

<sup>5</sup> Hansen, M., (2002), 'Environmental Regulations of Transnational Corporations: Needs and Prospects' in Utting P. (ed.), *The Greening of Business in Developing Countries. Rhetoric, Reality and Prospect*, Zed Books and UNRISD, Zurich

<sup>6</sup> Font and Bendell, (2002), *ibid*

<sup>7</sup> Honey M. (2001), "Certification Programmes in the Tourism Industry" in *Ecotourism and Sustainability, Industry and Environment*, Vol. 24 (3-4), UNEP

<sup>8</sup> Font and Bendell (2002), *ibid*

<sup>9</sup> Honey (2001), *ibid*

<sup>10</sup> Association for the Conservation of Energy (ACE), (2004), "Energy efficiency in the commercial sector", ACE, available at: [www.ukace.org/research](http://www.ukace.org/research)

Broadly speaking, sustainability assessment is a form of assessment that aims to inform and improve strategic decision making<sup>11</sup>. It can be seen as the ‘third generation’ of impact assessment processes, following EIA and SEA which have been extended to incorporate social and economic considerations as well as environmental ones.

Sustainability assessment relies on the application of a variety of methods of enquiry and argument to produce policy-relevant information that is then utilised to evaluate the consequences of human actions against the normative goal of sustainable development<sup>12</sup>. As a result, the assessment process ought to<sup>13</sup>:

- integrate economic, environmental, social and increasingly institutional issues as well as to consider their interdependencies;
- consider the consequences of present actions well into the future;
- acknowledge the existence of uncertainties concerning the result of our present actions and act with a precautionary bias;
- engage the public;
- include equity considerations (intragenerational and intergenerational).

Although critics suggest that sustainability assessment is a less mature assessment framework than its predecessors, there is general agreement that the assessment is characterised by four main features<sup>14</sup>. These include

1. an emphasis on integration of techniques and themes
2. the use of multi-criteria approaches
3. the importance of objectives and principles-setting and
4. stakeholders’ participation in the assessment itself.

**Recommendation: The in-depth analysis on these aspects is outside the scope of this response to the consultation. However, in the EIB Statement, it would be worth clarifying whether, and to what extent, the Bank is considering the use of sustainability assessment methods in their operations.**

## 6.0 Sustainable Development and Social Sustainability

### 6.1 Sustainable development

Since the publication of the UN report *Our Common Future* by the World Commission on Environment and Development (The Brundtland Commission, 1987), the term ‘Sustainable Development’ has become widely used in the literature resulting in more than 100 definitions of the concept. However, the interpretation of the term has generated ambiguities and disagreement. For example authors have highlighted<sup>15</sup> the confusion between “sustained” and “sustainable” which has often characterised the sustainability debate. Similarly, the broadness of the term has legitimated different pressure groups to use the terminology for their own purposes<sup>16</sup>. As a result, environmentalists have tended to use the word “sustainable” and urged a better use of ecological resources whilst corporations and economic lobbies have focused on the word “development”, highlighting the need for more economic growth.

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<sup>11</sup> Sheate, WR, do Partidario, MR, Byron, H, Bina, O, Dagg, S (2008) Sustainability assessment of future scenarios: Methodology and application to mountain areas of Europe, *Environmental Management*, 2008, Vol (41): 282 - 299

<sup>12</sup> Stagl S (2007: 9) Emerging methods for sustainability valuation and appraisal - SDRN rapid research and evidence review. London: Sustainable Development Research Network, 66pp

<sup>13</sup> Gasparatov A., El-Haram M. and Horner M., (2008) A Critical Review of Reductionist Approaches For Assessing The Progress Towards Sustainability, *Environmental Impact Assessment Review* (28) 286–311

<sup>14</sup> Colantonio, A., (2008)

<sup>15</sup> Drakakis-Smith D., (1995), Third World Cities: Sustainable Urban Development, 1, *Urban Studies*, Vol. 32, Nos 4-5

<sup>16</sup> Rees W.E. and Wackernagel M., (1996), *Our Ecological Footprints. Reducing Human Impact on the Earth*, New Society Publishers, Canada

**Recommendation: The theoretical and operative approach to sustainable development by the EIB would seem to be missing from the glossary. Thus the EIB Statement would be significantly improved if it included more explicit reference to the definition of 'Sustainable Development' as defined and interpreted by the EIB.**

## 6.2 Social sustainability

Similarly, the EIB Statement refers to social sustainability<sup>17</sup> without elucidating the Bank's approach to this important concept. There is a limited literature that focuses on social sustainability to the extent that a comprehensive study or a widely accepted definition of this concept is still missing. However, there can be little doubt that in recent years the social dimension of development (or 'social sustainability') has gained increased recognition as a fundamental component of sustainable development, becoming increasingly entwined with the delivery of the wider sustainable communities discourse, and also linked with the corporate responsibility agenda<sup>18</sup>.

A literature review of the concept highlights how each author or policy maker derives their own definition of social sustainability according to discipline-specific criteria or study perspective, making a generalised definition difficult to achieve. Nonetheless, a few definitions are reported below in Table 1.

**Table 1: Definitions of Social Sustainability**

<i>'A strong definition of social sustainability must rest on the basic values of equity and democracy, the latter meant as the effective appropriation of all human rights – political, civil, economic, social and cultural – by all people'</i>	Sach (1999: 27)
<i>'...a quality of societies. It signifies the nature-society relationships, mediated by work, as well as relationships within the society. Social sustainability is given, if work within a society and the related institutional arrangements satisfy an extended set of human needs [and] are shaped in a way that nature and its reproductive capabilities are preserved over a long period of time and the normative claims of social justice, human dignity and participation are fulfilled'</i>	Littig and Grießler (2005: 72)
<i>'[Sustainability] aims to determine the minimal social requirements for long-term development (sometimes called critical social capital) and to identify the challenges to the very functioning of society in the long run'</i>	Biart (2002:6)
<i>'Development (and/or growth) that is compatible with harmonious evolution of civil society, fostering an environment conducive to the compatible cohabitation of culturally and socially diverse groups while at the same time encouraging social integration, with improvements in the quality of life for all segments of the population'</i>	Polese and Stren (2000: 15-16)

Similarly, at a more practical level, several key themes and policy areas have been identified in the literature in order to operationalise the precepts of social sustainability. Some examples of these are shown in Table 2.

<sup>17</sup> The term is used twice in the document.

<sup>18</sup> See Dixon T., Colantonio, A., and Shiers, D. (2007) Socially Responsible Investment (SRI), Responsible Property Investment (RPI) and Urban Regeneration in the UK and Europe: Partnership Models and Social Impact Assessment, Measuring Social Sustainability: Best Practice from Urban Renewal in the EU 2007/02: EIBURS Working Paper Series, September 2007 (Oxford Brookes)

**Table 2: Key themes for the operationalisation of social sustainability**

<b>Feature</b>	<b>Author</b>
<ul style="list-style-type: none"><li>▪ Livelihood</li><li>▪ Equity</li><li>▪ Capability to withstand external pressures</li><li>▪ Safety nets</li></ul>	Chambers and Conway (1992)
<ul style="list-style-type: none"><li>▪ Inclusion</li><li>▪ Equity</li><li>▪ Poverty</li><li>▪ Livelihood</li></ul>	DFID (1999)
<ul style="list-style-type: none"><li>▪ Equity</li><li>▪ Democracy</li><li>▪ Human rights</li><li>▪ Social homogeneity</li><li>▪ Equitable income distribution</li><li>▪ Employment</li><li>▪ Equitable access to resources and social services</li></ul>	Sach (1999)
<ul style="list-style-type: none"><li>▪ paid and voluntary work</li><li>▪ basic needs</li><li>▪ social security</li><li>▪ equal opportunities to participate in a democratic society</li><li>▪ enabling of social innovation</li></ul>	Hans-Böckler-Stiftung (2001)
<ul style="list-style-type: none"><li>▪ social justice</li><li>▪ solidarity</li><li>▪ participation</li><li>▪ security</li></ul>	Thin <i>et al</i> (2002)
<ul style="list-style-type: none"><li>▪ education</li><li>▪ skills</li><li>▪ experience</li><li>▪ consumption</li><li>▪ income</li><li>▪ employment</li><li>▪ participation</li></ul>	Omann and Spangenberg (2002)
<ul style="list-style-type: none"><li>▪ basic needs</li><li>▪ personal disability</li><li>▪ needs of future generations</li><li>▪ social capital</li><li>▪ equity</li><li>▪ cultural and community diversity</li><li>▪ empowerment and participation</li></ul>	Baines and Morgan (2004) and Sinner <i>et al</i> , (2004)
<ul style="list-style-type: none"><li>▪ interactions in the community/social networks</li><li>▪ community participation</li><li>▪ pride and sense of place</li><li>▪ community stability</li><li>▪ security (crime)</li></ul>	Bramley <i>et al</i> (2006)



A report by the European Panel on Sustainable Development (EPSD, 2004) points out that the Lisbon European Council in 2000 launched the idea of a social dimension as an integral part of the sustainable development model for the first time. Moreover, an entire section of the Lisbon conclusions covered four main dimensions of social sustainability. These included a commitment to enhance education, especially in relation to the new skills required for the 'knowledge-intensive' economy; revamping employment policy so as to create 'more and better jobs'; modernising social protection to accommodate the many challenges faced by welfare states, to 'make work pay' and to promote equality; and the development of a strategy to counter poverty and social exclusion by 'promoting social inclusion'(EPSD, 2004: 18)

In addition, in the context of a project on the social dimension of sustainable development funded by the EIBURS (European Investment Bank University Research Sponsorship) programme, Colantonio (2007) has referred to social sustainability as *'the personal and societal assets, rules and processes that empower individuals and communities to participate in the long term and fair achievement of adequate and economically achievable standards of life based on self-expressed needs and aspirations within the physical boundaries of places and the planet as a whole'*. At a more practical level, social sustainability stems from improvements in thematic areas of the social realm of individuals and societies, ranging from capacity building and skills development to environmental and spatial inequalities<sup>19</sup>. Indeed, social sustainability blend traditional social objectives and policy areas such as equity and health with issues concerning participation, needs, social capital, the economy, the environment, and more recently, with the notions of happiness, well being and quality of life.

In more recent work, Colantonio (2008) has also argued that social sustainability concerns *how* individuals, communities and societies live with each other and set out to achieve the objectives of development models, which they have chosen for themselves, taking into account the environmental boundaries of their places and planet earth as a whole.

In a related sense the 'social standards' part of the statement are quite clearly focused on operations outside the EU. There is an implicit assumption that within the EU appropriate national legislation will ensure such standards are met. However, the framework for those standards is based on common understandings of social sustainability in developed countries which are not mentioned explicitly in the document.

**Recommendation: In our view, the EIB Statement would be further strengthened if the guidelines, principles and values at the core of EIB's approach to social sustainability were included in the document and/or in the related Environmental and Social Practices Handbook (in relation to EU and non-EU countries). This could include specific reference to the relevant EU policies and regulations which set the context.**

## 7.0 Participation and project monitoring

The EIB Statement highlights the importance of stakeholders' participation in the planning stages of project proposal through consultations prompted by the project promoter.

Public participation in planning can be rationalised following two different approaches. The first approach focuses on the democratic right to be involved in the public policy process. The second argument is associated with the greater effectiveness of policy delivery if it is "more in tune with society's values and preferences" and could thereby result in "better" policy delivery<sup>20</sup>. This efficiency argument is based on the assumption that a more democratic participation in planning can raise awareness of the cultural and social qualities of localities at the policy-making stage and avoid conflicts that may emerge in policy implementation later. Thus, "collaborative planning" is the interactive process through which problems of governance are defined, interests constituted, policy agendas identified, and governance programmes followed through<sup>21</sup>. This is a desirable form of planning both in terms of greater

<sup>19</sup> See Colantonio (2007), for a full review

<sup>20</sup> Rydin Y. and Pennington M., (2000), "Public Participation and Local Environmental Planning: The Collective Action Problem and the Potential of Social Capital", *Local Environment*, 5 (2): 153-169

<sup>21</sup> Healey P., (1999), "Institutionalist analysis, communicative planning, and shaping places", *Journal of Planning Education And Research*, 19 (2): 111-121

effectiveness for planning systems and in terms of moving towards a more communicative democracy.

Nonetheless, despite the validity of these arguments, the true participatory nature of local communities and stakeholders' involvement in project proposals has been questioned on both practical and theoretical ground. Community involvement is often deemed in practice more consultative rather than participative due to the complexity of the overall assessment process and the availability of resources<sup>22</sup>. For these reasons, other authors call for stakeholders' participation to go beyond mere consultation or consensus building on a series of alternatives<sup>23</sup>. In this context, it has been noted<sup>24</sup> that in consensus-building processes the ultimate goal shifts away from reaching a quality decision and moves it towards reaching an agreeable one. By contrast, stakeholders should actively express the objectives and aspirations that they seek to achieve through the development project being assessed for it to be truly sustainable.

Similarly in our view 'downstream' (or 'ex post') monitoring in the vast majority of urban renewal projects is very weak. This applies to projects across the EU. Although monitoring during construction and development is a requirement, post-completion monitoring is not rare, and yet the impact of loan finance has a long term horizon where the success or otherwise of schemes against key indicators could be assessed in a robust and coherent way.

**Recommendations: In this context, it is therefore recommended that the EIB supports (together with project promoters) public participation that goes beyond mere consultation. This should be done at very early stages of the project proposal rather than at the implementation stages when changes and modifications may become too costly or unfeasible. Within this context, it could even be suggested that public participation and the engagement with the public at early stages could be considered a formal requirement of all project proposals submitted to the Bank. It is also recommended that post-completion monitoring on a regular basis is also carried out to ensure value for money and long-term sustainability in urban renewal projects.**

## 8.0 Climate change and environmental impact

In another sense, climate change, as part of the sustainable development agenda, must matter to banks because of the risk for project finance. The World Bank, for example, found that some 25% of its portfolio of project finance is subject to a significant degree of climate risk, and a recent Lehman Brothers report suggests the banking sector could face severe loan risks from climate change (assuming higher temperatures, increased sea levels and changed rainfall patterns), which could lead to a contraction in lending and revenue. Given the importance of climate change, it is all the more surprising that the Equator Principles, which cover the majority of global bank lending (currently some 60 banks and 85% of global project finance), does not explicitly include reference to the term, instead focusing more broadly on environmental and social benchmarks.

With its loan portfolio the EIB plays a very important role in shaping future urban and natural environments globally. The statement includes some reference to climate change and also mentions the Equator Principles. However, it is unclear as to how distinctions are made between projects on the basis of their carbon emissions impact and how mitigation measures are implemented for particular projects. Similarly the important aspiration of renewable energy is referred to but little detail on policy and practice included.

**Recommendation: The EIB should strongly consider identifying and including explicit methodologies in its statement which identify how projects are to be assessed for climate change impact on a sectoral basis.**

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<sup>22</sup> Sheate *et al*, (2008), *ibid*

<sup>23</sup> Van de Kerkhof M., (2006), Making a difference: On the constraints of consensus building and the relevance of deliberation in stakeholder dialogues, *Policy Science* (39):279–299

<sup>24</sup> Coglianese, C. (1999). The limits of consensus. The environmental protection system in transition: Toward a more desirable future. *Environment*, (41) 1–6

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