

Jan Willem Van der Kaaij
Inspector General
European Investment Bank (EIB)
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Madrid June 18th, 2010

Dear Mr. Jan Willem Van der Kaaij

We're sending you the following letter regarding the: "Guipúzcoa Waste Management Project", log date May 12th, 2009, which was approved by the EIB (European Investment Bank) on September 22nd 2009. The cited project corresponds to the "Water, sewage, solid waste" Sector.

By way of this letter we would like to request that you halt the Project which is its two last phases necessary for its funding according to the cycle defined by the EIB. This would provide a period of time for consulting with, and the participation of, the people affected by said Project whereby the situation could be clearly understood and its viability examined.

We also request an extensive economic-viability verification, and how it adheres to the guidelines laid out by the Directiva Marco de Residuos 2008/98/CE(1), as well as the public level of acceptance hidden by this Project for the construction on Zubieta (Guipúzcoa) land of a waste incineration plant which has a 427.5 million Euro budget, of which they are asking your institution for 195 million.

In addition we would like to invite you to look into other alternatives which are more economic, efficient, respectful of the legal framework, public health and the environment. There are already alternatives with these characteristics which are working in the area sponsored by various townships. We're talking about door to door (DTD) collection of certain urban waste which focuses on four different categories (organic, plastic and metal containers, paper and glass) close to 80% (there are even other towns in Spain which boast percentages higher than 90) with only a fraction of the total waste remaining (of real rubbish) 15-20%.

The Honorary Director of his Institution, Jean-jacques Schul, categorized the incineration of Solid Urban Waste (SUW) as a corrective measure as "the top of a chimney", claiming that its financing contributes to air pollution. He defends preventive measures which are usually cheaper and more effective (2). Based on your Institutions founding principles we that you would agree since these very principles promote strategies based on the creation of employment, selective waste collection, heavy emphasis on reusing and recycling and fomenting the design of products which, at the end of their useful life, can be easily reused or recycled (3).

The Sponsor of the Project (the Guipúzcoa Consortium of Waste) clearly prefers elimination by incineration. The fact that they have obviously not complied with their own

Guipúzcoa Integral Waste Processing Plan (2002-2016)(PIGRUG)(4) is proof of their lack of interest in recovery and recycling. The Integral Plan planned for three composting plants to be built and fully functional in Guipúzcoa by 2009. However only the Lapatx plant in Azpeitia was inaugurated in June of 2008. For the other two the plans have not yet even been drawn. It's obvious that if three recycling plants were functioning it would not be necessary to build an incineration plant since there would be no waste to burn.

Moreover, in the Project which was presented to the EIB in May of 2009, there are two important unresolved problems. The first is the incompetence of the Consortium and the Borrower (GHK) in the decisions related to the collection, transportation and treatment of the SUW. The competent authority would actually be the city halls.

Both article 38 of the current 7/1985 Law on Local Regime Bases, and the 6/1993 waste regulation Law passed on June 15th are very clear on this point. Only an explicit and temporary assignment by the local institutions of certain exclusive activities gives any sort of power to their respective communities and, therefore, to the Consortium to which they belong. Therefore it is impossible that the Consortium can guarantee those promises expressed in the Term Sheet (5), when it depends on the communities which in turn depend on the local city governments. Two of these communities (which provide more than 50% of the SUW of all of Guipúzcoa) have requested a six-year hiatus on the incineration Project. Have the consortium and GHK sent you the different contentions which have been filed against them for invasion of jurisdiction?

The second problem is regarding the Project's economic non viability due to the insustainability of the accounts presented in the "Base model". The financial projections are inconclusive and biased. The amount that the RSU generates in Guipúzcoa, which appear in the official documents, are overestimated. For 2010 the forecasts were 275,000 Tn, the project marks a decline to 261,000 Tn and the GHK predicts another drop to 240,000 Tn. However, the actual data are even less and will be below 200,000 Tn. The decline in consumption, industrial and service sector inactivity and the increase in selective collection are causing a reduction in the volume of waste and this will be the trend in the future as well. So, what should the Euros/Tonne rate be? Who is going to sustain the system with much higher rates when the production of this waste will drop below 200,000 Tn?

It is also worth noting the current recession-plagued macroeconomic framework. The Spanish government is debating whether or not to eliminate premiums for electricity generation from waste burning which would mean less income for the incineration plant which would have to be made up for in some other way. So, how could such an investment be profitable?

We hope that this information with which we have provided you can help you better understand the true situation the Project is in. Gather your own information, and above all analyze the public support that it is receiving. You have an excellent example to compare in a similar facility which is operating in the neighboring province of Vizcaya (Zabalgarbi incinerator). You can see for yourselves what its social, environmental and financial situation is exactly.

Keep in mind that since you are now fully aware of the existing problems and understand the real risks of the operation, you may well be held accountable in the corresponding courts of law for the more-than-probable insustainability in the financing of the project.

Greenpeace is in favor of Integral Management Programs of the RSU which are conducted through a process of transparent debate and participation prior to the decision making process which includes a "Zero Waste" strategy which excludes incineration and other end-treatment "solutions". In Guipúzcoa's case we have signed the "Usurbil Pact" promoting the opportunity for selective "door to door" waste collection in the framework of a hiatus for the waste incineration Project.

We are at your disposal for any additional information you might need. We hope to be able to congratulate you for your final position on this matter, a result not only of financial analysis but also because of the awareness of the social, environmental implications just as the Equator Principles, to which the World Bank (6) subscribes, hold.

Mario Rodríguez
Campaign Director
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- (1).- Directiva 2008/98/CE del Parlamento Europeo y del Consejo de 19 de noviembre de 2008 sobre los residuos.
- (2).- Schul, J.-J. : "Sustainability in the design and implementation of projects. Practical implications". ICE-Desarrollo sostenible. Junio-Julio 2002. Número 800
- (3).- European Investment Bank. "The EIB Statement of Environmental and Social Principles and Standards". 2009
- (4).- Avance del Plan Integral de Gestión de Residuos Urbanos de Gipuzkoa (2002-2016). Documento de síntesis. Mayo 2002.
- (5).- Indicative Financing Terms: Gipuzkoa Waste Management 2009/20090118
- (6).- The Equator Principles. A framework for financial Institutions to manage environmental and social issues in project financing. www.equator-principles.com