

To: Philippe Maystadt, President,
European Investment Bank

Re: Suspension of EIB loans to Chad.

Brussels, 16th January 2006.

Dear President Maystadt,

As you will be aware, last Friday (6 January) the World Bank president Paul Wolfowitz suspended all World Bank loans to Chad, including his organisation's support for the Chad-Cameroon oil pipeline project, saying that the Chadian government had breached an agreement with the World Bank by altering an oil revenue law.

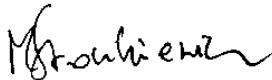
According to the World Bank's Legal Department, the loan agreements which Chad has with the EIB in relation to the Chad-Cameroon oil pipeline are identical to its agreements with the World Bank. Chad's decision to substantially modify the revenue management law therefore represents a violation of the loan agreements with both the World Bank and the EIB.

In addition, the EIB is legally mandated to operate in Chad within the framework of the Cotonou Agreement, with one of the aims being poverty reduction through sustainable development. Chad's decision to amend the revenue management law will clearly harm poverty reduction efforts in the country. As a consequence, any continuing EIB involvement in the project will see the EIB failing to adhere to the spirit and the rules embedded in the EU-African, Caribbean and Pacific States framework for cooperation, thus violating the development mandate given by the EU Council to the EIB for its operations in Chad.

We would like to know how the EIB plans to investigate and handle the current unfortunate situation in Chad and at the same time we strongly urge the EIB to follow the World Bank's decision and immediately halt the disbursement of all loans related to the Chad-Cameroon project and other potential loans if there are any planned for Chad at the moment.

We look forward to hearing from you on this urgent matter at your earliest convenience.

Yours sincerely



Magda Stoczkiewicz, CEE Bankwatch Network

On behalf of:

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