Annual Report on the Financial Activities of the European Investment Bank


The European Parliament,

– having regard to Articles 15, 126, 175, 177, 208, 209, 271, 308 and 309 of the Treaty on the Functioning of the European Union (TFEU) and to Protocol No 5 on the statute of the European Investment Bank (EIB),

– having regard to the EIB Group Operational Plan for 2017-2019, published on the EIB website,

– having regard to the 2016 Activity Report of the EIB,


– having regard to the Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI) of the EIB of September 2016,


– having regard to Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub²,

² OJ L 345, 27.12.2017, p. 34.
having regard to the proposal for a decision of the European Parliament and of the Council amending Decision No 466/2014/EU granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union (COM(2016)0583),


having regard to the EIB Economic Resilience Initiative,

having regard to Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund¹,

having regard to the first EFSD Strategic Board meeting held in Brussels on 28 September 2017,

having regard to the Social Summit for Fair Jobs and Growth held in Gothenburg on 17 November 2017 and to the European Pillar of Social Rights,

having regard to the EIB Group Strategy on Gender Equality and Women’s Economic Empowerment,

having regard to the report on the implementation of the EIB’s Transparency Policy in 2015 and the EIB’s 2016 Corporate Governance Report,

having regard to the EIB Environmental and Social Handbook,

having regard to the ongoing revision of the EIB Complaints Mechanism – Principles, Terms of Reference and Rules of Procedure of 2010,

having regard to the EIB policy towards weakly regulated, non-transparent and uncooperative jurisdictions (NCJ Policy) of 15 December 2010 and the addendum thereto of 8 April 2014,

having regard to the EIB’s approval of the ratification of the Paris Agreement by the EU of 4 October 2016,

having regard to the 2030 Agenda for Sustainable Development and the UN Sustainable Development Goals,

having regard to President Juncker’s State of the Union speech delivered on 13 September 2017 at Parliament’s plenary session in Strasbourg,

having regard to Article 3 of the Treaty on European Union (TEU),

having regard to Rule 52 of its Rules of Procedure,

having regard to the report of the Committee on Budgets and the opinions of the

Committee on Economic and Monetary Affairs and the Committee on Regional Development (A8-0013/2018),

A. whereas the European Investment Bank (EIB) is considered to be the ‘financial arm of the EU’ and the key institution in sustaining public and private investments within the EU, while also playing an important role outside the EU through its external lending activities;

B. whereas the EIB Group financial activities include both lending own resources and fulfilling the various mandates granted to it with the support of the EU budget and third parties such as the EU Member States;

C. whereas continuous attention should be focused on the development of best practices related to the EIB Group’s performance policy and management, governance and transparency;

D. whereas the EIB maintained a solid financial standing in 2016 in accordance with the forecast for that year, with a net annual surplus of EUR 2.8 billion;

E. whereas the EIB should continue to strengthen its efforts to expand its loan activities effectively by providing technical assistance and advisory support, especially in regions with low levels of investment, in order to address regional discrepancies, while reducing administrative burdens for applicants;

F. whereas the EIB, as the institution responsible for the management of the European Fund for Strategic Investments (EFSI), should maintain the pursuit of a high-quality, geographically balanced asset portfolio, with long-term economic benefits that generate quality jobs, and should make this its main priority across the whole EU territory;

G. whereas the European Investment Fund (EIF) should play a key role in complementing the EIB’s interventions, as the EU’s specialist vehicle for venture capital and guarantees aimed primarily at supporting SMEs and thus leading to further European integration and economic, social and territorial cohesion;

H. whereas safeguards against fraud, including tax fraud and money laundering, and risks of financing terrorism are contained in the EIB Group contractual provisions included in the contracts signed by the EIB Group and its counterparties; whereas the EIB Group should require that its counterparties comply with all applicable legislation; whereas additional contractual provisions addressing specific transparency and integrity issues should be imposed by the EIB Group on the basis of due diligence results;

I. whereas the EIB Group is treaty-bound to contribute to EU integration, economic and social cohesion and regional development through dedicated investment instruments such as loans, equities, guarantees, risk-sharing facilities and advisory services;

J. whereas the EIB Group should maintain a high credit standing as a fundamental asset of its business model and a high-quality, solid asset portfolio with sound investment projects under the EFSI and all financial instruments in its portfolio;

Global challenges and main policies

1. Stresses that the economic crisis has significantly weakened economic growth in the EU
and that one of the main fallouts is the decline in investment in the EU; underlines that the fall in public and private investment has reached alarming levels in the countries most affected by the crisis, as evidenced by Eurostat’s findings; expresses concern about macroeconomic imbalances and unemployment rates that remain significant in some Member States;

2. Expects the EIB to continue to work with the Commission and the Member States to address systemic shortcomings that prevent certain regions or countries from taking full advantage of the EIB’s financial activities;

3. Welcomes the EIB Group’s willingness to enhance EU competitiveness, provide real support for growth and job creation, and contribute to solving socio-economic challenges within and outside the EU, by pursuing its overarching public policy goals relating to innovation, SMEs and midcap finance, infrastructure, the environment, economic and social cohesion, and the climate; recalls that these objectives also necessitate the provision of public goods; insists that, in order to achieve the Europe 2020 strategy objectives successfully, all EIB Group activities should not only be economically sustainable, but also contribute to a smarter, greener and more inclusive EU; calls on the EIB, in this regard, to work with small market participants and community cooperatives to undertake bundling of small-scale renewable energy projects to enable them to be eligible for EIB funding; emphasises the need for coherence between the instruments necessary to reach these objectives;

4. Welcomes, in this regard, the Commission’s work strand of combining different financing sources, including the EFSI, centrally managed EU-level financial instruments and the European Structural and Investment (ESI) fund programme resources, as well as the resources of the Member States and national promotional banks and institutions (NPBIs), which has enabled risky projects and projects with limited access to finance to be serviced to the benefit of SMEs;

5. Welcomes the fact that the EIB has affirmed its commitment to supporting the fulfilment of the Paris Agreement; believes that the review of the EIB’s energy lending criteria foreseen for 2018 will be an opportunity for the bank to take stock of the support it gives to the fossil fuels sector and for it to publish the relevant and related comprehensive data; urges the bank, in this context, to publish the concrete action plans deriving from its 2015 Climate Strategy and to align its portfolio with the global average temperature increase target of 1.5 degrees in line with the Paris Agreement, through the swift and complete phasing-out of fossil fuel projects and the prioritisation of energy efficiency and renewable projects; welcomes the Council conclusions of 10 October 2017 on climate finance¹ and highlights the importance of sufficient financing being available for sustainable green investments, including for bio-based industries²; calls on the EIB to continue financial support for sustainable, local energy sources in order to overcome Europe’s high level of external energy dependency and ensure security of supply; invites the EIB to consider adopting the OECD Rio climate markers used for tracking and monitoring climate expenditures from the ESI funds in order to better take into account the EIB activities related to cohesion policy in the assessment of


² For example, sound, well-rated projects that do not receive funding from the Bio-Based Industries Joint Undertaking.
the role of ESI funds in tackling climate change;

6. Points out that the EIB has had very mixed results on climate action, despite meeting its 25% target by a slender margin overall; is concerned that in 16 Member States, EIB support for climate action did not even reach 20% and that climate action investment in 2016 was predominantly located in the EU’s stronger economies, with 70% of EFSI support for renewable energy concentrated in just one country – Belgium – and 80% of energy efficiency investment through the EFSI allocated to France, Finland and Germany;

7. Welcomes the fact that the EIB has responded to the crisis by expanding its activities significantly, including in the countries worst affected; calls on the EIB to further support EU countries in order to contribute to their economic recovery;

8. Recalls the urgent need for clarification on the impact of Brexit on the EIB’s current budget and its activities in order for the institution to continue to be able to perform its role; notes that the UK provided 16.11% of the EIB’s capital, accounting for EUR 3.5 billion of the paid-in capital and EUR 35.7 billion of the bank’s callable capital; stresses the importance of clarifying the amount of the UK contribution to the EIB budget as well as the UK’s future economic participation; calls for Member States to make sure that the departure of the UK does not result in a loss of the EIB’s ability to support the EU economy; underlines in this respect the need to establish legal certainty as soon as possible in the matter of ongoing projects co-financed by the EIB in the UK; believes that, while the UK, in terms of investment, should be treated as any other Member State prior to its formal departure from the Union, the EIB is right to condition investment on assurances that investment eligibility criteria, notably on environmental standards, will be met for the full duration of such investments;

9. Stresses the importance of the EIB’s financing activities in the eastern and southern neighbourhood in supporting those countries which are implementing difficult economic and democratic reforms on their path towards the EU; recalls that the main financing activities should also aim to address both urgent needs and longer-term challenges, such as rebuilding infrastructure, ensuring adequate housing and emergency response infrastructure and combating youth unemployment; stresses the need for the EIB to conduct external operations so that its activities focus specifically on areas of high importance for the EU; highlights, in this respect, the expansion of the EIB’s External Lending Mandate (ELM) to step up activities in the southern neighbourhood, the Mediterranean region, Latin America and Asia; highlights, furthermore, the great potential for EIB operations to improve the economic situation in regions of key geopolitical relevance, in particular in Ukraine, which is facing great economic stress due to the ongoing armed conflict in Eastern Ukraine;

10. Considers that the EIB, as the ‘EU bank’ incorporated and governed by the Treaties and the relevant Protocol annexed thereto, must live up to this unique status, which brings with it unique rights and responsibilities; observes that the EIB plays a key role in implementing an ever greater number of financial instruments leveraging EU budgetary funds;

11. Notes that according to the Operational Plan 2017-2019, the value of the EIB loans signed is forecast to rise once again in 2019 (to EUR 76 billion, following a fall from EUR 77 billion in 2014 to EUR 73 billion in 2016); points out that the current context
should encourage the bank to adopt more ambitious objectives and to increase the loans signed by the EIB; recalls that the EIB should play a fundamental role in the implementation of the Europe 2020 strategy through instruments such as Horizon 2020 and the Connecting Europe Facility;

12. Welcomes the EIB’s commitment to tackling the root causes of migration and to taking action in countries particularly affected by the migration crisis, including by strengthening and complementing humanitarian action and providing support for economic growth, development and the investments needed in both urban, health and educational and social, modern and sustainable infrastructure, stimulating economic activities for job creation and promoting cross-border cooperation between Member States and third countries; expects the EIB Group, to this end, to step up its efforts in coordinating its Economic Resilience Initiative and the revised ELM with the European Fund for Sustainable Development (EFSD); calls for an increase in financial assistance for projects that would help mitigate the economic costs associated with the migration crisis while having a positive impact on citizens, refugees and other migrants in Member States that receive the largest inflows of refugees and migrants;

13. Welcomes, in this regard, the EIB’s Crisis Response and Resilience Initiative, which aims to increase the amount of aid granted to countries in Europe’s southern neighbourhood and the Balkans by EUR 6 billion; calls for this initiative to generate genuine additionality as regards current EIB activities in the region;

14. Takes note of the EIB’s proposal to set up, within the Group, a subsidiary – by using the EIF as a model – dedicated to financing outside Europe; expects to be informed of any developments on this matter in a timely manner;

15. Welcomes the EIB Group Strategy on Gender Equality and Women’s Economic Empowerment published in 2017; believes that a gender perspective should be applied to all EIB Group financial operations; expects a Gender Action Plan, setting ambitious targets and accompanied by concrete indicators, to be implemented soon;

16. Welcomes the agreement reached on the prolongation and adjustment of the EFSI, and expects that the revised fund and the enhanced European Investment Advisory Hub will enable the problems identified in the current scheme, namely in relation to additionality, sustainability, climate action, geographic balance and advisory hub activities, to be overcome; stresses the importance of avoiding geographical imbalances in the EIB’s lending activity, so as to ensure a broader geographical and sectoral allocation without compromising the high quality of projects; calls on the EIB to further strengthen its work with NPBIIs in order to improve outreach and further develop advisory activities and technical assistance to address the issue of geographical balance in the long term; notes a wide variety of experiences in terms of EFSI projects; supports and encourages the further exchange of best practices between the EIB and the Member States in order to ensure economic efficiency and adequate leverage of the Juncker plan, which will make a difference to the lives of EU citizens;

17. Notes that in the social sector, the EIB lends on average EUR 1 billion per year for social housing projects (which have seen a sharp increase in recent years and the further diversification of promoters and borrowers), EUR 1.5 billion for health infrastructure, and EUR 2.4 billion for education infrastructure projects; underlines that the further development of EIB financing in this sector would mirror current progress towards
upholding the EU Pillar of Social Rights and ensuring, in accordance with expectations, that the EIB Group prioritise those projects that have the greatest impact on the creation of sustainable local jobs;

18. Welcomes the fact that, according to the EIB Economics Department’s brief of 28 September 2017, the cumulative investments approved by the EIB Group in 2015 and 2016 will add 2.3% to EU GDP by 2020 and will add 2.25 million jobs, which shows the substantial macroeconomic impact of the EIB; encourages the EIB to further expand its macroeconomic analysis capability, including research regarding the macroeconomic impact of its activities, as well as its general analytical work and sectoral studies, and the range of empirical papers and publications, thereby also becoming a ‘knowledge bank’; calls on the EIB to continue improving the assessment of projects, by using richer, more precise and refined impact indicators;

19. Recognises the importance of the anti-cyclical role that the EIB has played in the past years; believes that one of the key priorities for the EIB once the economy returns to pre-crisis investment levels should be to focus on helping to bridge investment gaps in areas where markets fail, for example due to their persistent short-term focus and inability to correctly price long-term externalities, in order to boost sustainable investments, technological progress and innovation leading to sustainable growth; underlines the need to prioritise innovation-based projects with clear added value for the EU as well as regional development, by supporting projects such as the revitalisation of rural and other less accessible and underdeveloped areas;

20. Emphasises that the EIB has played and continues to play a positive role in reducing the negative public investment gap; emphasises that investment, responsible and sustainable structural reforms and sound budgetary policies must be an integral part of an overall strategy; calls for coordination between the EIB’s activities in the Member States and the governments’ activities, policies and objectives set in national reform programmes as well as in the country-specific recommendations whenever such coordination is possible;

21. Underlines that at EU level there are major structural reasons for increasing investment gaps between Member States; calls on the EIB to boost its technical assistance in order to address low project generation capacity in some Member States; calls on the EIB to provide more detailed information on the direct and indirect jobs created by every project funded;

22. Underlines that the EIB is treaty-bound to contribute to the balanced and steady development of the internal market through its primary lending activity, to support projects for developing less developed regions and projects which have a cross-border nature, in synergy with the ESI funds; stresses therefore the potential of the EIB’s important complementary role in the implementation of cohesion policy, which should always remain performance-based and result-oriented, including through activities aimed at strengthening project preparation capacities, consultancy and analysis services and loans for the national co-financing of the ESI funds; calls on the Commission and the EIB to better coordinate their efforts with a view to further promoting the exchange of best practices and disseminating investment opportunities in all European regions, including those which are not covered by the Cohesion Fund, with a view to better achieving the objectives of economic, social and territorial cohesion;
23. Emphasises that the EIB, as a public financial institution which finances projects aimed at fulfilling EU policies and priorities, should contribute to economic, social and territorial cohesion, including in less developed regions, as provided for in the Treaty on the Functioning of the European Union; notices with concern, however, that, according to the geographical breakdown of lending by country in which projects are located, five Member States, the biggest EU economies, received 54.11% of the total loans granted in 2016; calls on the EIB and the Commission to examine the reasons which led to this situation and to report back to Parliament by mid-2018; emphasises the need for broader territorial distribution of funds, including as regards the EFSI, which should always be complementary to the ESI funds, in order to achieve the objective of reducing regional disparities; stresses the need for an enhanced role for the EIB in financing social entrepreneurship and start-ups, social infrastructure growth acceleration, renewable energy, energy efficiency and circular economy projects; recalls in this context that the EIB is also a big investor in non-EU countries;

24. Takes note of the mid-term interim evaluation of all Horizon 2020’s financial instruments (InnovFin) managed by the EIB Group and the 15 recommendations made therein; expects the EIB Group to formulate a detailed strategy on the path it intends to follow to implement these recommendations;

**Compliance**

25. Reiterates its position that the European legal framework, including the EIB Statute, the EFSI Regulation, the four Common Agricultural Policy (CAP) Regulations, and the five ESI funds (the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund) should prohibit the use of EU funding ultimately going to beneficiaries or financial intermediaries with a proven record of involvement in tax evasion or tax fraud;

26. Recalls that the EIB’s non-compliant jurisdiction (NCJ) policy needs to be ambitious; notes that relying on the common EU list of third country jurisdictions that fail to comply with tax good governance standards, which was endorsed by the Council of the EU on 5 December 2017 and which will prevail over other lead organisations’ lists in the case of conflict, is a positive but insufficient step, and calls for country-by-country reporting without exemptions to be made a key part of the EIB’s corporate social responsibility strategy; calls on the EIB to: comply with the relevant standards and applicable legislation on the prevention of money laundering and on the fight against terrorism, tax fraud and tax evasion; not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes or practices which do not comply with tax good governance criteria, as set out in the legal acts of the Union, Council conclusions, Commission communications or any formal notice by the Commission; and not maintain business relations with entities incorporated or established in jurisdictions that do not cooperate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information; calls on the EIB, following a consultation with the Commission and stakeholders, to revise and update its NCJ policy in the light of the adoption of the aforementioned Union list of non-cooperative jurisdictions; calls on the Commission, for its part, to submit a report to Parliament and the Council every year on the implementation of that policy;
27. Notes that the Commission has blocked certain projects submitted by the international financial institutions (IFIs)\(^1\) in the past because these projects involved unjustifiably complex tax arrangements by means of harmful or absent tax regimes in third countries; calls on the Commission and the EIB to include in its annual report information on projects where funds have been transferred to offshore jurisdictions; stresses the need for IFIs to eliminate the risk of EU funds directly or indirectly helping tax avoidance and tax fraud;

28. Notes that concerns were raised about projects funded by the EIB involving offshore structures and non-cooperative jurisdictions; calls on the Commission to publish an annual public report on the use of EU funds in relation to offshore structures and EIB and European Bank for Reconstruction and Development (EBRD) money transfers to those structures, including the number and nature of projects blocked, explanatory comments on the rationale for blocking projects and follow-up action taken to ensure no EU funds directly or indirectly help tax avoidance and tax fraud;

29. Welcomes the fact that the EIB takes into account the tax impact in countries where investment is made and how this investment contributes to economic development, job creation and the reduction of inequality;

30. Considers that, as the European Union’s bank, the EIB should step up its efforts to ensure that the financial intermediaries with which it engages do not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes or practices which do not comply with tax good governance criteria as set out in EU legislation, including Commission recommendations and communications; stresses that the EIB should also make sure that financial intermediaries are not involved in corruption, money laundering, organised crime or terrorism;

31. Stresses the need for the EIB to have reliable and complete information on beneficial ownership of the final recipients of the EIB funds, including in cases where the financing relies on private equity funds; urges the EIB, therefore, to reinforce its due diligence procedure and transparency when working with financial intermediaries; considers that using criteria for selecting financial intermediaries and being in possession of up-to-date information on beneficial ownership of companies, including trusts, foundations and tax havens, are best practices to be permanently followed; notes the fact that the EIB identifies the beneficial owners of such companies during the due diligence process; invites the EIB Group to further reinforce its contractual conditions by integrating a clause on or reference to good governance in order to mitigate risks to integrity and reputation; insists on the need for the EIB to establish a thorough public list of selection criteria for financial intermediaries, so as to step up the EU’s commitment to combating tax abuse and to prevent more effectively the risks of corruption and infiltration by criminal groups;

32. Welcomes the EIB’s efforts to carry out due diligence on EIB Group counterparties and operations, including ongoing monitoring activities and controls, so as to ensure that the EIB does not unwittingly facilitate corruption, fraud, collusion, coercion, money laundering, tax fraud, harmful tax practices, or the financing of terrorism, notably through the publication of regular activity reports by the Office of the Chief Compliance Officer (OCCO) and its close cooperation with the EIB Inspectorate General; calls on

\(^1\) The EIB, EIF and Global Energy Efficiency and Renewable Energy Fund.
the EIB to align itself with the new rapid alert and exclusion system planned by the Commission;

33. Welcomes the EIB Group’s cooperation and exchanges with the different Commission services on the measures contained in the anti-tax avoidance package, with a view to clarifying the scope and key elements of the legislative package, the EIB Group’s role and involvement, and its engagement in dialogue with civil society organisations on these issues, at the level of both the EIB Group’s Board of Directors and the EIB’s services, such as the OCCO; calls on the EIB to better address tax avoidance in its due diligence checks;

**Accountability**

34. Believes that the enhanced economic role of the EIB Group, its increased investment capacity and the use of the EU budget to guarantee its operations must be accompanied by greater transparency and increased accountability, so as to ensure genuine public scrutiny of its activities, project selection and funding priorities;

35. Acknowledges that the EIB submits three reports a year on its activities to Parliament and that the EIB President and staff regularly attend hearings at the request of Parliament and its committees; recalls however, its request for a higher level of parliamentary accountability and transparency of the EIB; reiterates its call, in this regard, for the signing of an interinstitutional agreement between the EIB and Parliament on the exchange of information, including the possibility for Members to address written questions to the President of the EIB;

36. Recalls that transparency in the implementation of EU policies not only serves to strengthen the EIB group’s overall corporate accountability and credibility, with a clear overview of the type of financial intermediaries and final beneficiaries, but also contributes to enhancing the effectiveness and sustainability of the funded projects and ensures a zero-tolerance approach to fraud and corruption in its loan portfolio;

37. Welcomes the fact that the EIB Group’s transparency policy is based on a presumption of disclosure and that everyone can access EIB Group documents and information; recalls its recommendation for the publication on the EIB Group website of non-confidential documents, such as interinstitutional agreements and memoranda, and urges the EIB Group not to stop there, but to continue looking for ways to improve;

38. Suggests that the EIB group should follow the example set by the International Finance Corporation (IFC) of the World Bank Group and start disclosing information about the high-risk sub-projects it finances via commercial banks (the main intermediaries/financial vehicles used by the EIB Group to fund SMEs);

39. Welcomes the fact that all project documents held by the EIB Group are disclosed upon request; asks the EIB Group to define guidelines for non-sensitive and basic information that could be disclosed in relation to demands for proactive project-level disclosure;

40. Calls for the EIB Group’s disclosure policy to ensure an increasingly high level of transparency as regards the principles governing its pricing policy and governance bodies; welcomes, in this regard, the disclosure of the minutes of the meetings of the EIB Group’s Board of Directors of January 2017, the public register of documents, and
the publication of project data via the International Aid Transparency Initiative\(^1\); calls for the publication of the minutes of management committee meetings;

41. Takes note of the ongoing revisions of the EIB Group’s whistleblowing policy; urges the EIB Group to reinforce the independence, legitimacy, accessibility, predictability, equitability and transparency of its complaints mechanism, including by involving directors and improving protection for complainants; believes that such measures are clearly in the interests of the bank, the stakeholders and the EU institutions;

42. Notes that out of 120 cases reported to the Fraud Investigations Division of the Inspectorate General (IG/IN) in 2016, 53 % were referred by EIB Group staff; welcomes the fact that the fraud reporting mechanism on the EIB’s website is now available in 30 languages\(^2\); believes that the EIB should carefully follow the ongoing work on the protection of whistle-blowers at EU level and consequently further improve its reporting possibilities;

43. Calls on the EIB Group to put a continuous emphasis on performance scrutiny via performance assessments and proven impact; encourages it to continue to refine its monitoring indicators, more specifically its indicators of additionality, with a view to assessing impact as early as possible in the project generation phase and providing the Board with sufficient information on the impact envisaged, in particular with regard to the contribution of projects to EU policies, for example their effect on employment (during both implementation and operation); points out, furthermore, that the performance of EIB Group financing cannot be assessed on the basis of an appraisal of its financial impact alone, and calls, therefore, for the right balance to be maintained between the operational targets defined in terms of business volume and the non-financial EIB Group staff objectives; urges, for instance, that the performance assessments indicate what specific objectives within the framework of the UN Sustainable Development Goals (SDGs) are targeted by the project and to what extent it has contributed to fulfilling them; considers it vital that people living in the vicinity of funded infrastructure-related projects should be actively involved in assessing them;

44. Welcomes the fact that the EIB is continuing to work on fine-tuning its impact reporting methodology, for instance so as to accurately capture the investment mobilised through various intermediated lending structures and new products, and the joint steps taken together with other multilateral development banks in the harmonisation of key aspects of impact reporting, such as in the report recently compiled on climate finance reporting and the report being prepared on lending across all sectors;

45. Welcomes the fact that results measurement (ReM+) is gradually leading to a ‘change of culture’ in the EIB Group; calls for the harmonisation and generalisation of this exercise, integrating in addition the Addis Ababa and Paris indicators as far as possible; believes that adjusting such indicators further by integrating local views could diminish their remoteness without affecting their independence;

46. Calls on the EIB to take into account the local context when investing in third countries;


recalls that investing in third countries cannot be based on a profit maximisation approach alone but must also aim to generate long-term, private sector-led sustainable economic growth and reduce poverty through job creation and improved access to productive resources;

47. Notes that in many of the EIB’s countries of operations, human rights, and in particular the freedoms of expression, assembly and association, are under attack in a variety of ways, from violent crackdowns on protests and the criminalisation of free speech, to arbitrary arrests, the detention of human rights defenders and restrictions on civil society organisations; calls on the EIB to adopt a Human Rights Action Plan for the purposes of implementing the objectives of the EU Strategic Framework and Action Plan on Human Rights and Democracy and the UN Guiding Principles on Business and Human Rights, in order to forestall any negative impacts of EIB projects on human rights, to ensure that the EIB’s projects contribute to the enhancement and fulfilment of human rights, and to provide remedies in the event of human rights violations;

48. Welcomes the publication of its ReM framework methodology, but believes that the results of such assessments should be disclosed for any operation, including the environmental and social impact at the level of projects or sub-projects; welcomes the mid-term revision of the ELM, as a consequence of which the EIB will now, on request, communicate to Parliament ReM sheets for projects covered by the EU budget guarantee; calls on the EIB, however, to publish further ReM sheets for individual projects outside the EU and Three Pillars assessment sheets for projects in the EU in order to strengthen the Bank’s transparency;

49. Calls on the EIB to publish all relevant documents regarding loans to the automotive industry for the development of diesel technology, including the respective European Anti-Fraud Office (OLAF) report and its recommendations on EIB loans to Volkswagen, and more generally to explain the extent to which loans were made to car companies found to have manipulated emissions and provide an overview of how many of these loans have been counted as climate action; asks, in this context, for clarification as to the checks and balances in place to ensure a genuine clean technology orientation for more recent loan agreements with car companies such as those backing research and development activities in the areas of connectivity, efficient petrol-electric hybrid engines, longer-range electric cars and advanced driving assistance systems;

50. Welcomes the EIB Group’s adoption of high transparency and accountability standards for its SME lending activity, and the fact that mandatory reporting from financial intermediaries on each SME that benefitted from EIB Group support will take these results into account when subsequent transactions with the same intermediary are considered;

51. Underlines that, following the entry into force of Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union’s financial interests by means of criminal law, and of Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’), the EPPO shall examine EIB operations in the Member States whenever national authorities or the

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European Anti-Fraud Office (OLAF) have reason to suspect that a criminal offence has been committed in this context;

52. Notes the limited existing information on the extent to which the EIB lending activities contribute to the achievement of cohesion policy objectives; calls therefore on the EIB to present special chapters, as appropriate, in its annual report dedicated to evaluating the impact of the EIB activities aimed at supporting the implementation of cohesion policy, including Interreg-related activities, and to provide detailed information on the use of loans in cohesion policy projects and programmes, with reference also to the geographical distribution of the support, its effective contribution to cohesion policy objectives, including horizontal principles and the Europe 2020 strategy’s goals, and the concrete capacity to mobilise private investment; underlines in this context the EIB’s responsibility to provide the European Parliament, the Court of Auditors and others with sufficient data, including on the costs and management of its products, and considers also the added value of aggregate data at EU level on the combination of cohesion policy- and EIB-related investments;

**Financial activities of the EIB Group**

53. Calls on the EIB Group to actively collaborate with the Commission in a process of rationalisation of the number and types of financial instruments under the next multiannual financial framework (MFF) and to anticipate the process by drawing attention, as an initial step, to any existing duplication or overlaps, on the basis of its own experience;

54. Believes that the EIB Group’s financial instruments should serve projects chosen on the basis of their own merits, their potential to generate added value for the EU as a whole, and effective additionality, especially in areas where markets fail to finance and support projects, finding the right balance between a potentially higher risk profile and the fundamental need to maintain its high credit standing;

55. Warns, in this respect, that market-driven instruments risk shifting the focus of the EU budget from EU public common goods and encourages the EIB Group to reinforce its reporting to the Commission on the quality as opposed to the quantity of its financing in the context of financial instruments;

56. Notes that in order to make full use of the additional risk-bearing capacity, the EIB group has developed various new products that will allow for higher risk taking (e.g. subordinated debt, equity-type, risk sharing with banks), and has reviewed its credit risk policy and eligibilities in order to allow for increased flexibility;

57. Calls on the EIB Group to further develop its risk culture in order to improve its effectiveness and the complementarity and synergies between its interventions and various EU policies, in particular by supporting innovative companies, infrastructure projects and SMEs that are taking risks or evolving in economically disadvantaged regions or regions that lack stability, in line with the recurrent and longstanding objective of easier access to financing for SMEs, but without compromising the principles of sound management or jeopardising the EIB’s high credit standing; recalls that if they are to contribute to the economic development of the EU, as well as economic, social and territorial cohesion, risk transfer-based instruments cannot be risk free; stresses that the EIB and its shareholders must be fully aware of this; encourages
the EIB to assess the possibility of offering EIB bonds for direct purchase;

58. Notes that the support of the EIB group to SMEs and midcaps amounted to a record EUR 33.6 billion and supported the creation of 4.4 million jobs in 2016; highlights the importance of the EIB Group providing continuous support for SMEs and midcaps by enhancing their access to finance; emphasises that SMEs are the backbone of the European economy and should remain the principal target of the EIB Group’s lending activities by further reinforcing financing instruments for SMEs and midcaps;

59. Recalls that more than 90% of EU SMEs are microenterprises, providing almost 30% of the employment in the private sector; points out that microenterprises are more vulnerable to economic shocks than larger firms and may remain underserved in credit provision, particularly when based in a region where the economic and banking context is unfavourable; calls on the EIB to draw up a strategy for remedying the fact that SMEs in such circumstances have difficulties in gaining access to project financing;

60. Acknowledges that access to finance is still a core barrier to the growth of the cultural creative industries (CCIs); stresses the urgent need for funding initiatives to strengthen such industries; emphasises the potential from the EIB and the EFSI to support the creative sector, mainly through the financing of SMEs; calls on the EIB to address the lack of EFSI funding to CCIs by investigating possible interactions with Creative Europe;

61. Calls on the EIB group to further rely on financially sound intermediaries, such as NPBIs, for the instruction of certain types of projects, which would not jeopardise its high credit standing;

62. Considers that many EIB Group governance rules are designed to safeguard its high credit standing, but that very little information is available on how close the EIB Group is to a lower rating;

63. Underlines that the due diligence of investment projects financed by the EIB Group should be based on both factors related to financial return and factors not related to financial return, but instead to the achievement of other kinds of objectives, such as the contribution of the project to upward economic convergence and cohesion in the EU, or to the achievement of the Europe 2020 targets or the SDGs; considers that the EIB Group should explain these non-financial criteria to institutional and private investors (for example, pension funds and insurance companies) in an appropriate manner, thus promoting an increased focus on socio-economic and environmental impact across the financial sector;

64. Believes that in cases where stressed financial market conditions would prevent the realisation of a viable project or where it is necessary to facilitate the establishment of investment platforms or the funding of projects in sectors or areas experiencing a significant market failure or suboptimal investment situation, the EIB Group should implement and document changes, notably to the remuneration of the EU guarantee to the EIB, in order to contribute to a reduction in the cost of financing the operation borne by the beneficiary of EIB Group financing through financial instruments, so as to facilitate project implementation; believes that similar efforts should be undertaken where necessary to ensure that financial instruments support small projects, and that where the use of local or regional intermediaries enables a reduction in the cost of
financial instrument financing to small projects, this form of deployment should also be considered;

65. Welcomes the recently approved equity strategy involving more appraisal of equity-type operations to address the gap in equity financing in the innovation and infrastructure priority areas in the EU, in particular in two market areas: indirect equity financing (equity investment in infrastructure funds and co-investment programmes) and direct equity-type financing (quasi-equity loans to corporates and quasi-equity loans to midcaps) with a mix of direct and indirect instruments (equity funds and participating loans);

66. Welcomes the EIF support already given to crowdfunding platforms within the scope of existing activities, the willingness to continue to support platforms selectively within the scope, or through the expansion of, existing programmes, and the work carried out jointly with the Commission on a potential debt and equity crowdfunding pilot project; suggests that the EIF find ways to identify and reach FinTech-led financial intermediaries in need of support;

67. Calls on the Commission to assess and monitor carefully the cost associated with the number of mandates given to the EIB; recalls that the associated administrative cost may have an impact on its overall performance given the current level of financial and human resources;

68. Highlights that the EIB’s role in cohesion policy is increasing, especially due to the enhanced use of financial instruments in combination with grants; stresses, however, that their accessibility for final recipients is still very low and that Member States and regions point to the complexity of the procedures, laid down both in the Financial Regulation and the Common Provisions Regulation (CPR), including on disproportionate costs and fees, as well as to competition with more attractive national and regional instruments; welcomes, in this context, the setting up of the fi-compass platform as a one-stop shop for advisory services on financial instruments under cohesion policy; calls, nevertheless, for further technical assistance and simplification of the existing procedures, as well as more focus on capacity building vis-à-vis financial intermediaries, and points to the need to better link management costs and fees to the performance of the fund manager of financial instruments under the ESI funds; recalls nevertheless that grants, being an effective form of support in manifold areas of public intervention, must be maintained as the main tool for cohesion policy and that financial instruments should be concentrated in those sectors where they have higher added value than grants, their use remaining at the discretion of managing authorities; points out that a stronger framework of EIB engagement with the European Parliament needs to be promoted, in order to allow for better scrutiny of EIB activities;

Communication and advisory activities of the EIB Group

69. Regrets that the potential beneficiaries of EIB Group financing are generally not sufficiently aware of the products developed by the EIB Group; questions whether the EIB Group’s supply chain is sufficiently diverse and inclusive;

70. Believes the communication of the EIB group, in cooperation with its relevant national partners, should be improved in order to raise SMEs’ awareness of their financing possibilities and to better inform the citizens of the local and concrete projects financed
by the EU;

71. Welcomes, in this regard, the partnerships that are being concluded with international and national institutions in order to ensure complementarity with the EIB’s advisory services;

72. Regrets the lack of data available on the role of the EIB at each stage of the implementation cycle of cohesion policy and the limited information on the extent to which EIB lending activities contribute to cohesion policy objectives; stresses the need and calls for more efforts to achieve greater transparency and better communication with a view to ensuring that information reaches final recipients at regional and local level and to increasing the visibility of projects;

73. Expects the Commission, the EIB Group and national, regional and local authorities to continue to work and strengthen their cooperation, in the spirit of complementarity, with NPBIs in order to create more synergies between the ESI funds and EIB financing instruments and loans, to reduce administrative burdens, simplify procedures, increase administrative capacity, boost territorial development and cohesion and improve the understanding of ESI funds and EIB financing, since NPBIs have a sound knowledge of their respective territories and the ability to implement tailor-made financial instruments locally;

74. Instructs its President to forward this resolution to the Council, the Commission, the EIB, and the governments and parliaments of the Member States.