



2017/2071(INI)

23.11.2017

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Budgets

on the Annual Report on the Financial Activities of the European Investment
Bank
(2017/2071(INI))

Rapporteur (*): Ludek Niedermayer

(*) Associated committee – Rule 54 of the Rules of Procedure

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SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Acknowledges the EIB's contribution to restoring investment activity in the EU after the economic and financial crises; stresses that the EIB's activities during the current recovery period and improved credit availability in the majority of countries and sectors must be carefully directed towards products and projects ensuring high added value while especially taking into account regions with a low level of investment activity and countries with underlying investment gaps in both the public and private sector; underlines that the EIB's advisory services and financing in key areas such as infrastructure financing, climate change mitigation and adaptation, urban development and SME support should continue; emphasises that expanding the EIB's financing activities is no substitute for socially balanced and sustainable structural reforms and sustainable fiscal policy in the Member States;
2. 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 the 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 becoming as well a 'knowledge bank'; calls on the EIB to continue improving the assessment of projects, by using richer, more precise and refined impact indicators;
3. Stresses the need to minimise the risk of crowding out the private sector by focusing on long-term financing otherwise unavailable to EIB clients on the markets, or by greater risk-taking while preserving the high credit standing of the EIB, namely by supporting the financing of projects that would not be financed otherwise, in particular innovative start-ups and SMEs; supports the EIB's approach of helping to mobilise private capital by means of loans and guarantees; points out furthermore that the added value of EIB financing also consists in providing technical advice and capacity-building in order to help projects to become investment-ready and quickly mobilise resources, which is often faster than the private sector;
4. 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 supporting projects such as the revitalisation of rural and other less accessible and underdeveloped areas; recalls that the EIB should play a fundamental role in the implementation of the Europe 2020 Strategy through Horizon 2020 ;
5. 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;

6. Recalls that more than 90 % of EU SMEs are microenterprises providing almost 30 % of 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 consider a strategy for remedying the fact that such SMEs have difficulties in gaining access to project financing;
7. Emphasises that the EIB 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 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;
8. 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;
9. 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 bn of the paid-in capital and EUR 35.7 bn 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;
10. Welcomes the Council conclusions of 10 October 2017 on climate finance¹ and the EIB's commitment to support the Union's commitments under the Paris Agreement; highlights the importance sufficient financing for sustainable green investments being available, including for bio-based industries²; believes that the review of the EIB's energy policy envisaged for 2018 should result in an ambitious action plan to align its investments with the 1.5 degrees target that would significantly reduce risks and the impacts of climate change through the gradual phasing-out of fossil fuel projects and the prioritisation of projects increasing the energy available through renewables and energy efficiency;
11. Notes that despite meeting the overall target of 25 %, EIB support for climate action

¹ http://www.consilium.europa.eu/pressreleases-pdf/2017/10/47244665508_en.pdf

² For example, sound, well-rated projects that do not receive funding from the Bio-Based Industries Joint Undertaking.

continues to reflect different market contexts and hence did not reach the level of 20 % in 16 of the Member States; points out that climate action investment was predominantly located in the EU's stronger economies in 2016;

12. Calls on the EIB 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;
13. 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;
14. 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 pre-accession countries, 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;
15. 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;
16. Welcomes the willingness of the EIB to adopt the highest standards with a view to preventing tax fraud, tax evasion, tax avoidance, aggressive tax planning, money laundering and financing of terrorism¹; believes, nevertheless, that there is still room for improvement; calls, in this regard, on the EIB to end cooperation with intermediaries, jurisdictions and countries that do not comply with the Organisation for Economic Cooperation and Development (OECD) and EU standards, including those operating in countries which are on the EU list of high risk third countries in the field of money laundering and the upcoming EU list of non-cooperative jurisdictions in taxation matters;
17. 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 at generating long-term private sector-led sustainable economic growth and reduce poverty through job creation and improved access to productive resources;
18. 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 therefore the EIB to reinforce its due diligence procedure and transparency when working with financial intermediaries;

¹ <http://www.eib.org/about/compliance/tax-good-governance/index.htm> and <http://www.eib.org/infocentre/publications/all/eib-group-anti-money-laundering-policy-and-combating-finance-of-terrorism-framework.htm>

19. 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;
20. Reiterates its call to the Commission to amend European legislation, including those concerning the EIB Statute, the European Fund for Strategic Investment (EFSI) regulation, the four Common Agricultural Policy (CAP) Regulations, and the five European Structural and Investment 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) to 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;
21. 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 languages²; 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;
22. 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;
23. 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;
24. 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;
25. Welcomes the EIB group Strategy on Gender Equality and Women's Economic Empowerment released in 2017; suggests that the EIB Group considers gender mainstreaming in its financial operations; calls for a gender action plan to be implemented soon, setting ambitious targets and be accompanied by concrete indicators;
26. Believes the communication of the EIB group, in cooperation with its relevant national partners, should be improved in order to raise the SMEs awareness of their financing

¹ European Investment Bank, European Investment Fund and Global Energy Efficiency and Renewable Energy Fund.

² http://www.eib.org/attachments/general/reports/ig_fraud_investigations_activity_report_2016_en.pdf

possibilities and to better inform the citizens of the local and concrete projects financed by the EU;

27. 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;
28. Asks for country-by-country reporting without exemptions to be made a key part of the corporate social responsibility strategy of the EIB;
29. Recommends that the new European Public Prosecutor's Office (EPPO) examine the possibility of covering EIB operations in the Member States concerned as part of its activities;
30. Urges the EIB group to adopt the review of its whistleblowing policy as soon as possible and to reinforce the independence, legitimacy, accessibility, predictability and transparency of its complaints mechanism, including by involving directors and enhancing protection of complainants; believes that such measures are clearly in the interest of the bank, the stakeholders and the EU institutions.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	21.11.2017						
Result of final vote	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">+:</td> <td style="text-align: right;">44</td> </tr> <tr> <td>-:</td> <td style="text-align: right;">4</td> </tr> <tr> <td>0:</td> <td style="text-align: right;">5</td> </tr> </table>	+:	44	-:	4	0:	5
+:	44						
-:	4						
0:	5						
Members present for the final vote	Gerolf Annemans, Hugues Bayet, Pervenche Berès, Udo Bullmann, Thierry Cornillet, Markus Ferber, Jonás Fernández, Sven Giegold, Neena Gill, Roberto Gualtieri, Brian Hayes, Gunnar Hökmark, Barbara Kappel, Wajid Khan, Georgios Kyrtzos, Philippe Lamberts, Sander Loones, Olle Ludvigsson, Ivana Maletić, Gabriel Mato, Costas Mavrides, Bernard Monot, Caroline Nagtegaal, Luděk Niedermayer, Stanisław Ożóg, Dimitrios Papadimoulis, Pirkko Ruohonen-Lerner, Anne Sander, Alfred Sant, Molly Scott Cato, Pedro Silva Pereira, Peter Simon, Theodor Dumitru Stolojan, Kay Swinburne, Ramon Tremosa i Balcells, Ernest Urtaşun, Marco Valli, Tom Vandenkendelaere, Miguel Viegas, Jakob von Weizsäcker, Marco Zanni						
Substitutes present for the final vote	Matt Carthy, Andrea Cozzolino, Herbert Dorfmann, Frank Engel, Ashley Fox, Ramón Jáuregui Atondo, Paloma López Bermejo, Thomas Mann, Siegfried Mureşan						
Substitutes under Rule 200(2) present for the final vote	Bogdan Brunon Wenta, Sotirios Zarianopoulos, Wim van de Camp						

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

44	+
ALDE	Caroline Nagtegaal, Ramon Tremosa i Balcells, Thierry Cornillet
ECR	Ashley Fox, Kay Swinburne, Pirkko Ruohonen-Lerner, Stanisław Ożóg, Sander Loones
ENF	Barbara Kappel
PPE	Anne Sander, Bogdan Brunon Wentă, Brian Hayes, Frank Engel, Gabriel Mato, Georgios Kyrtos, Gunnar Hökmark, Herbert Dorfmann, Ivana Maletić, Luděk Niedermayer, Markus Ferber, Siegfried Mureşan, Theodor Dumitru Stolojan, Thomas Mann, Tom Vandenkendelaere, Wim van de Camp
S&D	Alfred Sant, Andrea Cozzolino, Costas Mavrides, Hugues Bayet, Jakob von Weizsäcker, Jonás Fernández, Neena Gill, Olle Ludvigsson, Pedro Silva Pereira, Pervenche Berès, Peter Simon, Ramón Jáuregui Atondo, Roberto Gualtieri, Udo Bullmann, Wajid Khan
VERTS/ALE	Ernest Urtasun, Molly Scott Cato, Philippe Lamberts, Sven Giegold

4	-
ENF	Gerolf Annemans, Marco Zanni
GUE/NGL	Miguel Viegas
NI	Sotirios Zarianopoulos

5	0
EFDD	Marco Valli
ENF	Bernard Monot
GUE/NGL	Dimitrios Papadimoulis, Matt Carthy, Paloma López Bermejo

Key to symbols:

+ : in favour

- : against

0 : abstention