

EIB Annual Report 2005

European Parliament resolution on the EIB Annual Report for 2005 (2006/2269(INI))

The European Parliament,

- having regard to Articles 266 and 267 of the EC Treaty, establishing the European Investment Bank (EIB) and the Protocol on the Statute of the European Investment Bank, annexed to the Treaty,
 - having regard to the EIB Group Activity Report 2005 and its Corporate Operational Plan for the period 2006 to 2008, the European Investment Fund (EIF) Annual Report 2005, the Audit Committee Annual Reports 2005 and the response from the Management Committee, the Operations Evaluation Overview Report 2005, and the EIB President's hearing before the relevant Parliament committee on 20 June 2005,
 - having regard to the European Action for Growth, endorsed in the Presidency conclusions following the Brussels European Council on 12 and 13 December 2003,
 - having regard to its resolution of 8 March 2005 on the activity report for 2003 of the European Investment Bank¹, and its resolution of 4 April 2006 on the situation of the European economy: preparatory report on the broad economic policy guidelines for 2006²,
 - having regard to the EIB's Environmental Report 2004,
 - having regard to the EIB's publication, the Social Assessment of Projects outside the European Union: the approach of the European Investment Bank, of 2 October 2006,
 - having regard to the Convention on access to information, public participation in decision-making and access to justice in environmental matters (the Aarhus Convention), under which the Community committed itself to guaranteeing 'the rights of access to information, public participation in decision-making and access to justice in environmental matters',
 - having regard to Rules 112(2) and 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0011/2007),
- A. whereas the EIB is a public bank with a political dimension, established under of the EC Treaty as the main financial institution charged with achieving the European Union's objectives,
- B. whereas the growth potential of the European economy continues to be fairly low, at around 2 %, which is much lower than that achieved by other areas of the world, and is

¹ OJ C 320 E, 15.12.2005, p. 66.

² OJ C 293 E 2.12.2006, p. 163.

insufficient to provide employment for the more than 12 million unemployed Europeans and for the development of an enlarged Europe,

- C. whereas in 2005 the EIB granted loans worth EUR 47 400 million, of which EUR 42 300 million was allocated to the Member States, EUR 2 000 million to the acceding countries, and EUR 3 100 million to associated countries, and whereas some EUR 9 000 million was distributed through the intermediary banks,
- D. whereas out of the loans granted by the EIB Group, EUR 34 000 million was allocated to economic and social cohesion, EUR 10 700 million to the Innovation 2010 initiative, EUR 12 300 to environmental protection, EUR 8 200 million to the development of the Trans-European Networks, EUR 4 200 million to support for small and medium-sized enterprises (SMEs), EUR 3 600 million as a contribution to European external cooperation and development aid policy, EUR 400 million to venture capital funds, and EUR 1 700 million to guarantees for SMEs,
- E. whereas the Commission's Integrated Guidelines for Growth and Jobs (2005-2008) (COM(2005)0141) point to the need to promote a more entrepreneurial culture and the creation of new enterprises, and whereas one way of achieving those objectives is to improve access to finance for SMEs,
- F. whereas SMEs in the European Union, which total almost 23 million and which comprise half of the EU economy and employ two-thirds of European workers, have an important part to play in economic and social cohesion,
- G. whereas a new European energy policy is needed in order to cope with high energy prices, guarantee security of supply, and halt climate change,
- 1. Congratulates the EIB on its activity report for 2005, on its increased transparency to the public and on the improvement of its control systems; encourages the EIB to continue with its work in developing the European economy;

Strategy and activities

- 2. Welcomes the fact that the EIB has adopted the Lisbon Strategy objectives on growth and employment and welcomes the changes made by the EIB in its work with a view to achieving those objectives; considers that the question arises as to whether the EIB's resources are sufficient to achieve those objectives;
- 3. Notes that in the review of EIB strategy carried out in 2005, encouraging economic and social cohesion within the European Union continued to be the EIB's main aim; therefore calls for the EIB's activity in this field to focus on the least developed regions;
- 4. Urges the EIB, with reference to the Innovation 2010 initiative, to fund projects that are directly relevant to innovation; with regard to education and training, calls for the policy goal of the European Union to become a knowledge-based society to be fully supported, with a particular emphasis on innovation-related education projects, both in higher and basic education in order to improve Europe's human potential; supports the EIB in its efforts to bring less developed areas into the knowledge-based economy;
- 5. Congratulates the EIB on having achieved its aim of devoting between 30 and 35 % of its

individual loans within the European Union to projects intended to protect or improve the natural or urban environment; notes that out of the total loans made within the European Union, 60 % were granted in relation to the urban environment (public transport and urban renewal), while only 20 % were intended for research into energy efficiency and the development of renewable forms of energy; urges the EIB, therefore, to distribute funds for environmental protection more coherently;

6. Welcomes the EIB's intention to draw up a new energy action plan incorporating the new EU energy objectives; calls on the EIB to adopt more ambitious financing objectives both for renewable energies and for programmes to improve energy efficiency, above all in the new Member States and in the SME sector, where there is more scope for improvement;
7. Congratulates the EIB on its role as a financial catalyst, above all in relation to loans in support of public-private partnerships promoting private sector participation in financing the Trans-European Networks; calls for an EU guarantee instrument to be developed specifically for Trans-European Transport Network projects in order to cover the risk that revenue might fall short of the expected levels in the initial operating phase; stresses the importance of improving the dimension of energy networks to and among Member States to facilitate the creation of the internal market for energy supply and distribution;
8. Considers that EIB activities should reflect the needs of an enlarged European Union; points out that the EIB does not have a permanent delegation in the Baltic Sea region, which would cover the Baltic States, Denmark, Finland, Sweden and EEA-EFTA countries;
9. Calls for greater consistency in the EIB's external mandate both with regard to the sufficiency of funds for the whole period of the new mandate and their distribution by geographical area; points out that the loans granted to Latin America are insufficient, representing only 2,5 % of those devoted to projects outside the European Union; welcomes the new initiative combining EIB loans with EU grant aid for regional infrastructure projects in Africa as well as other initiatives that support an African development agenda that must be developed on the basis of sustainability criteria, in environmental, social and economic terms; urges the EIB, in conjunction with global loans for Mediterranean partner countries, to implement technical assistance in order to help develop and reform the local financial sector;
10. Congratulates the EIB Board of Governors, which in 2005 made support for SMEs one of its five priority objectives; supports the EIB in its effort to develop financial instruments appropriate to the needs of SMEs, to the end that global loans to SMEs represent more than 50 % of total global loans every year;

Methods of operation

11. Welcomes the closer cooperation with the Commission in the new programmes which aim to increase the efficiency of expenditure thanks to the experience acquired by the EIB, in particular the programme for Joint Assistance to Support Projects in European Regions (JASPERS);
12. Points out that a range of new financial instruments managed by the EIB and the EIF will have a multiplier effect on non-reimbursable aid, and is delighted that the initiative for Joint European Resources for Micro to Medium Enterprises (JEREMIE) has come into

operation, since it could produce a multiplier effect of up to ten times the size of the Structural Fund budget through the operation of the EIF serving to turn subsidies into a range of financial products aimed at SMEs;

13. Considers that the new cooperation and financing arrangements must be evaluated carefully with a view to correcting any administrative obstacles that may be involved;
14. Points out to the EIB that its loans must not be a substitute, under conditions more advantageous to the intermediary financial institutions, for loans which in any event would have been granted by the private sector;
15. Calls on the Court of Auditors to ensure that the conditions governing the loans and guarantees involving EU budget resources granted by the EIB do not serve to enable certain privileged parties to benefit indirectly from unwarranted assistance when they could obtain financing on the market;
16. Calls on the EIB to conduct a detailed study on the real contribution of the EIB investment to regional development, once also analysed the effects of EU policies and to introduce appropriate indicators, as recommended by its own Operations Evaluation department;
17. Recommends that the EIB further increase the possibilities of access to its finance, above all for SMEs, by increasing the number of financial institutions with the appropriate expertise and lending capacities to support EU priorities, acting as intermediaries in each country, which at the same time would improve the conditions for the end recipients;
18. Recommends that in its next annual report, the EIB place special emphasis on its relationship with the banks which, at national level, specialise in granting loans to SMEs and recalls that good cooperation between the EIB and those banks can only be beneficial to the SMEs;
19. Considers that a combination of funds provided by the EIB with authorised State aid should be encouraged to benefit SMEs;

Transparency and performance

20. Calls on the EIB to explain more clearly its evaluation criteria when selecting projects for funding and to submit an evaluation of its operations in terms of economic growth and employment; recommends that the EIB publish its information on the investment projects in which it is involved, to encourage private investors to participate in the possible financing of those projects;
21. Recommends that the EIB lay down more clear-cut criteria to govern the ultimate allocation of its global loans; and calls on the EIB to establish a transparent procedure for determining and assessing how the loans have been used by intermediary banks, in particular with a view to ascertaining whether the quality of EIB loans really benefits the end recipients;
22. Calls on the EIB to ensure that its operational standards are consistent with international standards and best practices; and to establish a transparent participation mechanism to

involve civil society organisations and other interested parties in the formulation of strengthened EIB social standards;

23. Calls on the EIB to set up a new environmental framework based on clear, binding and enforceable minimum standards, which would provide an opportunity for the EIB to make its values and standards clear to all stakeholders, including local communities;
 24. Congratulates the EIB on developing its control system to give greater weight to ex-post evaluation of operations; welcomes the publication of a summary of evaluations carried out by the Operations Evaluation department; reiterates its request made in paragraph 14 of its resolution of 22 April 2004 on the activity report for 2002 of the European Investment Bank¹ that the EIB should provide information on failed projects, in order to learn from such failures;
 25. Notes the EIB's intention to associate itself voluntarily with the establishment of an international solvency ratio (Basel II); calls on the EIB to communicate the methodologies applied and the constituent components of this ratio; calls for a study on the way that the application of Basel II is supervised;
 26. Welcomes the EIB's focus on transparency, outlined in its Public Disclosure Policy of 28 March 2006;
 27. Urges the EIB to continue to improve its communications policy; calls for the main contents of the EIB web page to be translated into all the EU languages;
 28. Calls on the EIB to continue providing Parliament and the public an annual summary of measures taken to improve its performance, in line with Parliament's previous resolutions;
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29. Instructs its President to forward this resolution to the Council, the Commission and the European Investment Bank.

¹ OJ C 104E, 30.4.2004, p. 1019.