

**European Investment Bank (EIB) - Annual Report 2010**

**European Parliament resolution of 29 March 2012 on the European Investment Bank (EIB) - Annual Report 2010 (2011/2186(INI))**

*The European Parliament,*

- having regard to the 2010 Annual Report of the European Investment Bank (EIB),
- having regard to Articles 15, 126, 175, 208-209, 271, 308-309 of the Treaty on the Functioning of the European Union and Protocol No 5 on the Statute of the EIB,
- having regard to Article 287 of the Treaty on the Functioning of the European Union on the role of the Court of Auditors,
- having regard to Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC,
- having regard to Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the EIB against losses under loans and loan guarantees for projects outside the Union and repealing Decision No 633/2009/EC,
- having regard to its decision of 10 May 2011 on discharge in respect of the implementation of the budget of the Eighth, Ninth and Tenth European Development Funds for the financial year 2009<sup>1</sup>,
- having regard to its resolution of 7 April 2011 on the European Investment Bank's annual report for 20092,
- having regard to the Corporate Operational Plan 2011-2013 of the EIB, as approved by its Board of Directors on 14 December 2010,
- having regard to the 2010 Annual Report of the EIB's Audit Committee to the Board of Governors of 6 April 2011,
- having regard to its resolution of 8 June 2011 on Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe<sup>3</sup>,
- having regard to its resolution of 6 July 2011 on the financial, economic and social crisis: recommendations concerning the measures and initiatives to be taken<sup>4</sup>,

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<sup>1</sup> OJ L 250, 27.9.2011, p. 111.

<sup>2</sup> Texts adopted, P7\_TA(2011)0156.

<sup>3</sup> Texts adopted, P7\_TA(2011)0266.

<sup>4</sup> Texts adopted, P7\_TA(2011)0331.

- having regard to its resolution of 10 March 2010 on EU 2020<sup>1</sup>,
  - having regard to Rules 48 and 119(2) of its Rules of Procedure,
  - having regard to the report of the Committee on Budgetary Control and the opinions of the Committee on Development, the Committee on Economic and Monetary Affairs and the Committee on the Environment, Public Health and Food safety (A7-0058/2012),
- A. whereas the EIB was set up by the Treaty of Rome and its main goal is to contribute to the development of the single market and to the reduction of the differences in the various regions' development,
  - B. whereas the EIB's financing operations inside the European Union focus on six policy priorities: ensuring economic and social cohesion and convergence; implementation of the knowledge economy; developing trans-European transport and access networks; supporting small and medium-sized enterprises (SMEs); protecting and improving the environment and promoting sustainable communities; and supporting sustainable, competitive and secure energy,
  - C. whereas the EIB remains the “European Bank” and represents the arm for achieving EU objectives,
  - D. whereas the disbursement of the EIB group's EU lending reached EUR 52 billion in 2010,
  - E. whereas the EIB's operations outside the European Union are primarily undertaken to support the European Union's external action policies,
  - F. whereas the EIB group's disbursement on lending outside the EU reached EUR 6 billion in 2010,
  - G. whereas according to its Statute, after the ratification of the Lisbon Treaty the EIB is authorised to have maximum loans and guarantees equivalent to two and a half times of its subscribed capital and its reserves, non-allocated provisions and profit and loss account surplus,
  - H. whereas the extension of the financial, economic and sovereign debt crisis beyond 2010, and of the related credit crunch, have increased the financing needs,
  - I. whereas it is the task of the EIB to help the European economy, using both the capital markets and its own funds,
  - J. whereas the EIB's credit rating of AAA is crucial for the functioning of the bank,
  - K. whereas the Audit Committee was established under the EIB Statute as an independent committee responsible for the auditing of the EIB's accounts and verifying that the activities of the Bank conform to best banking practice; whereas the Audit Committee stated in its report of 6 April 2011 that ‘in 2010 the Audit Committee received the expected support from the Bank's services, thus being able properly to discharge its responsibilities’;
  - L. whereas the goals of the EU 2020 strategy, such as infrastructure investment, green

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<sup>1</sup>. OJ C 349 E, 22.12.2010, p. 30.

technologies, innovation and SMEs', cannot be achieved without proper funding;

- M. whereas sustainable growth must be guaranteed in the Union also through redeployment of unused EU Budget payment appropriations to joint programmes targeting growth, competitiveness and employment, and through leveraging EIB loans and setting up an efficient project bond market;

### ***2010 Annual report framework***

1. Welcomes the 2010 Annual Report and encourages the EIB to continue its activities to support the development of the European economy and foster growth, stimulate employment, and promote social and territorial cohesion with a special focus on projects for less-developed regions; supports the bank in its intention to target operations where its financing is likely to have the greatest impact on economic growth; points out that the EIB should use its resources and instruments in the best possible way to fight the actual financial and economic crisis;
2. Considers that the EIB Group<sup>1</sup> should continue reporting annually to Parliament on its lending activities both within the EU, with regard to the promotion of the Union's objectives and the Europe 2020 Strategy's targets, and outside the EU, with regard to its mandate and the overall policy coherence of the EU's external action; takes the view that the EIB and the European Bank for Reconstruction and Development (EBRD) should also focus on strengthening their coordination and cooperation work in third countries, in order to enhance their respective comparative advantages and avoid overlaps in their work<sup>2</sup>, while ensuring more effective use of resources; recalls also that the Council and Parliament have agreed that the time is ripe to study the rationalisation of the system of European public financial institutions, with no options being excluded;
3. Points out that the EIB Group should continue to report annually to the European parliament on its financing activities related to the EU budget, specifically as regards EU financing and external financing; calls on the bank to make its annual report easily accessible and understandable for the wider public;
4. Welcomes the approved Corporate operational plan 2011-2013 which gives three main dimensions to the bank's activities in the years ahead: implementing the "Europe 2020" strategy, combating climate change and supporting the EU's external policy;
5. Supports the Bank in its commitment to focus on the "knowledge triangle" linking education, research and development, innovation;
6. Recommends that the EIB on its website publishes the European parliament's resolutions on the Annual Reports – along with the MEP's written questions and the answers given to these by the EIB – together with its own reports;

### ***EIB EU financing activities***

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<sup>1</sup> The EIB Group includes the EIB and the EIF.

<sup>2</sup> Parliament called for this in its resolution of 25 March 2009 on the EIB and EBRD annual reports for 2007. Moreover, Parliament also adopted this position as part of its vote on the Bowles report on the subscription to additional shares in the capital of the European Bank for Reconstruction and Development \*\*\*I.

7. Recognizes the increased volume of the structural programmes loans (SPLs) in the light of the economic and financial crisis; highlights the important role of these loans for the recovery and growth in supporting the public sector investments in some Member states; encourages the EIB to continue offering similar instruments not only for countries experiencing financial difficulties, but also to encourage countries with good financial discipline and convergence regions;
8. Points out that in terms of lending volume, Public Private Partnerships (PPPs) projects accounted, in 2010, for 32 % of EIB financed Trans European Transport lending; welcomes the set up of the European PPP Expertise Centre with a network of members that now, in addition to the EIB and the European Commission, includes 30 EU and associated countries as well as many regions;
9. Calls on the EIB to encourage public disclosure of cumulative PPP public payment obligations in respect of the PPP being financed together with information on the source of future payments;
10. Urges the EIB to publish an annual list of all final beneficiaries of loans and other financial instruments in the same way as the Commission is bound to publish such a list of end beneficiaries of EU funds;
11. Urges EIB to increase its support to the infrastructure networks in new Member States, which is still relatively low compared to EU-15 Member States; asks that this share of financing infrastructure networks be greater for interconnections at Member State borders;
12. Broadly supports the cooperation between the EIB and the European Commission in developing innovative financial instruments to promote the objectives of the “Europe 2020” strategy as well as action to kick-start the crisis-hit economy and climate action needs; recognizes the previous positive experience of the use of these tools – including grant and loan blending and risk-sharing mechanisms;
13. Especially supports the Risk Sharing Finance Facility (RSFF), a joint initiative of the European Commission and the Bank that provides for lending to higher-risk, higher-reward projects. In the context of the implementation of the 7th Research and Development Framework Programme (RDFP), is surprised that RSFF loan signatures in 2010 only reached EUR 1,8 billion, EUR 1 billion less than in 2009; considers the reason for this decline given by the EIB in its 2010 report – that is, that the credit squeeze is easing for the companies that turned to the EIB at the height of the crisis – to be insufficient, and calls for further explanations from the EIB and the European Commission;
14. Is concerned about the EIB internal controls and audit systems and encourages the EC and the EIB to finalise a comprehensive financial and administrative framework agreement by November 2012, also in view of the expected expansion of innovative financial instruments managed by the EIB group; expects the EIB to report back to the Parliament on progress made by December 2012;

#### ***EIB support to European Small and Medium Enterprises (SMEs)***

15. Welcomes the achievement one full year ahead of schedule of the EUR 30 billion target in lending to small and medium-sized enterprises (SMEs) set by the December 2008 ECOFIN Council; supports the new loan product for Mid-Cap enterprises and highlights its

importance for boosting the European economic recovery; calls on the EIB to provide advice to SMEs and other beneficiaries, when appropriate, to ensure the quality and effectiveness of the projects;

16. Reiterates continuous previous recommendations of the EP to enhance transparency in EIB's selection of financial intermediaries and the way 'global loans' are allocated, and insists on the need for action to be taken to put these into effect; stresses the need for clearer conditions and stricter lending effectiveness criteria; encourages the EIB to elaborate without delay new, coherent and effective instruments for a better supervision of the financial intermediaries collaborating with the EIB in supporting SMEs in Europe before the end of 2012;
17. Reiterates its call on the EIB to report regularly on the results achieved, including comprehensive data on the final beneficiaries, summary reports on the monitoring and implementation of its internal procedures, and achievements of objectives on targets; calls for deviations from the targets to be indicated and explained, and for details of the responsibility for these deviations to be given; is concerned about the lack of clear benchmarks and penetration rates, as a consequence of which the effectiveness of the loans remains unclear;
18. Recognizes the facts that 115000 SMEs received support from the EIB Group and that the EIB contribution amounts to EUR 10,0 billion in credit lines for lending to SMEs, while the European Investment Fund (EIF) provided SME guarantees and risk capital totalling EUR 2,8 billion in 2010; encourages EIB's efforts to ensure greater support for SMEs;
19. Welcomes the decision by the EIB to join the EBRD and the World Bank Group in the joint action plan by the international institutions to step up support for SMEs in Central and Eastern Europe during the period 2009-2010; notes that by fulfilling its commitments under this plan (doubling the resources normally made available to SMEs in the region), the EIB met its target well ahead of schedule and a 25 % increase, corresponding to EUR 14 billion, was recorded in EIB lending activity at the end of 2010; calls on the EIB to continue its close cooperation with banks in this region in supporting SMEs;
20. Welcomes the European Progress Microfinance Facility established in March 2010 by the Commission and by the EIB; emphasizes the need for a public disclosure of the results of this facility up to date; calls for clear criteria for choosing the intermediaries participating in the initiative to be established as soon as possible and to be made public;
21. Welcomes the European Court of Auditors' special report no. 4/2011 on the Audit of the SME Guarantee Facility, and recognizes the important role of the SMEG facility; is concerned about the Court's findings to the effect that the Facility provides insufficient records justifying the agreement parameters between the EIF and the financial intermediaries, gives unclear performance indicators and lacks target values for the indicators; calls on the EIB Group to remedy these shortcomings in line with the Court's recommendations;
22. Calls on the EIB to report to the European Parliament on the progress of the implementation of ECA's recommendations;
23. Underlines the important role of the EIF in supporting SMEs; stresses that the EIF should continue its activities related to financing and guarantees for SMEs' transactions;

encourages EIF to continue its efforts in supporting the recovery of SMEs' securitisation market which is still weak;

### ***EIB activities outside EU***

24. Welcomes the fact that the EU guarantee provided to the EIB, for the period 2007-2013, against losses under loans and loan guarantees for projects outside the EU, undoubtedly falls under the scrutiny of the European Court of Auditors<sup>1</sup>;
25. Invites the European Court of Auditors to provide a special report to the European Parliament on the financing operations carried out under that Decision, with an impact assessment at project, sector, country and regional level, that shows the effectiveness of the EIB contribution to the EU external policy objectives;
26. Takes the view that the European Union guarantee instrument provided by the external mandate has a high added value and leverage; encourages nonetheless the EIB to pursue own-risk facilities whenever possible while preserving the EIB AAA rating, and while ensuring the effective coordination of assistance activities undertaken by the European Commission, the EIB and other international and local partners in order to increase the consistency and complementarity of the actions;
27. Takes the view that the EIB and the EBRD should focus on strengthening their cooperation and coordination in third countries, in order to enhance their respective comparative advantages and to avoid overlaps in their activities<sup>2</sup>;
28. Calls on the EIB to inform the European parliament about its financing operations in the Mediterranean region, supported by the external lending mandate, to demonstrate the development impacts of its lending and provide a report to the European parliament before the end of 2012;
29. Highlights the role of the EIB's financing for Public-Private Partnership (PPP) projects mainly within the EU, and notes EIB's intention to explore the potential for PPPs in the Mediterranean countries;
30. Calls on the EIB, together with the Commission and in close dialogue with the recipient countries, to come up urgently with a proposal for a banking facility that is more effective than the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) in order to underpin the effectiveness of the role performed by the EIB in the Mediterranean countries with regard to SMEs, microcredit, etc;
31. Is concerned about the risks that PPP schemes bring, such as poor value for money and partly off-balance-sheet public debt; encourages the EIB to take into account the recommendations under its internal report "Review of Lessons from Completed PPP Projects Financed by the EIB", in particular by:

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<sup>1</sup>. Art. 15 of the Decision No 1080/2011/EU

<sup>2</sup>. Parliament called for this in its resolution of 25 March 2009 on the EIB and EBRD annual reports for 2007. In the decision concerning the subscription by the EU to additional shares in the capital of the EBRD, as a result of the decision to increase that capital, Parliament and the Council also called for the EBRD Governor for the Union to report annually to Parliament on cooperation between the EIB and the EBRD outside the Union.

- a) adopting clearer definitions, data quality and consistency in the EIB in relation to the PPP projects,
  - b) disseminating the priority lessons learned to potential public promoters,
  - c) creating a centralised PPP unit within the EIB covering both credit and project risk issues within a common, specialised team;
32. Encourages the EIB to restrict any support for financial intermediaries outside the EU only to local institutions not operating in offshore financial centres, which have a substantial local ownership and are equipped to implement a pro-development approach supporting the specificity of local SMEs in each country; asks the EIB to report on the implementation of this recommendation in 2012;
  33. Welcomes the EIB's external mandate 2007-2013 Mid-Term Review "Report and recommendations of the Steering Committee of wise persons" from February 2010;
  34. Welcomes the implementation of Decision No 1080/2011/EU granting an EU guarantee to the EIB against losses under loans and loan guarantees for projects outside the EU; stresses that the external mandate of the EIB must be coherent with Article 208 TFEU, which states that the reduction and eradication of poverty is the primary objective of the Union's development cooperation policy;
  35. Is concerned about the lack of sufficient information about the results of the external policy actions; highlights the absence of requirements for financial intermediaries to send ex-post results on individual operations; calls therefore on the bank to make such ex- post reporting compulsory; welcomes, however, the new reporting provisions under Decision No 1080/2011/EU;
  36. Whereas the EIB's activity outside the EU has developed primarily in middle-income countries, with limited staff resources particularly for upstream work and for project monitoring, as well as a limited local presence compared to the level and complexity of financing activities outside the EU;
  37. Recommends strengthening the monitoring of the projects during implementation as well as at completion;
  38. Notes that, of the total of EUR 72 billion which the EIB lent in 2010, EUR 8,511 billion was lent to developing countries (of which 1,2 billion to Asia and Latin America (ALA), EUR 1 billion to the African, Caribbean and Pacific Group of States (ACP) (973 million) and to South Africa (50 million), EUR 2,55 billion to the Mediterranean countries and EUR 328 million to Central Asian countries), including EUR 657 million for projects in the fields of water and sanitation, health and education;
  39. Notes that the independent evaluation of the EIB's external mandate shows that the EIB's efforts to monitor project implementation and ensure local presence and follow-up on environmental and social aspects still appear to be insufficient, while the EIB's ability to satisfy the mandate requirements with regard to development aspects is only indirect;
  40. Recalls that a narrow focus on GDP-led growth does not automatically deliver inclusive and sustainable development and reduce inequality; in this context, accordingly, takes the view

that adequate concessional finance and staff resources are necessary to enable the EIB to support more effectively EU development cooperation objectives;

41. Calls on the EIB to actively support projects aimed at financial inclusion, i.e. facilitating equal access to financial services such as loans and savings and insurance schemes, for instance by supporting microfinance institutions;
42. Calls for the definition of ‘performance indicators’ to better track the value added and impact of EIB operations and the strengthening of proper staff expertise in sustainable development, human rights and social/gender issues;
43. Welcomes the EIB’s commitments, and the policy it has developed, with regard to non-cooperative jurisdictions; however, expresses its concern about the lack of transparency regarding the way ‘global loans’ are allocated and monitored in terms of tax governance; recalls that the EIB should ensure that recipients of its loans do not avail themselves of tax havens or use other harmful tax practices such as abusive transfer pricing which may lead to tax evasion or avoidance; in this context, calls on the EIB to request that financial intermediaries make public any use of the global loans they receive, including a report of their activities in any individual country in which they operate;
44. Regrets that the EIB is not prioritising investment in local companies in ACP countries; deems that the monitoring of global loans or loans for SMEs should be improved in order to ascertain that financial intermediaries implement EIB requirements in a proper fashion, thereby ensuring accountability, transparency and environmental sustainability in the use of funds made available to local SMEs; takes the view that the definition of SMEs used in each external region should be clarified, taking into account the structure of the local economies;
45. Requests that compliance with EU/agreed international standards regarding the environment and social policies should be a systematic condition for accessing EIB financing, while companies or undertakings that violate these principles and/or are registered in tax havens should be effectively excluded;
46. Welcomes the initiative to conclude a Memorandum of Understanding on cooperation between the European Parliament and the EIB; in this context, stresses the need to involve Parliament closely in the process of discussion of the setting-up of an ‘EU Platform for External Cooperation and Development’ and to guarantee transparency in the process;
47. Points out the importance of improvement and optimization of the EU and Member states financing operations in support of the external cooperation; supports the ‘wise persons’ proposal to consolidate all external activities in a separate entity in order to achieve more focused management; reiterates the EP’s proposal to explore possible options to establish “EU Platform for development cooperation”;
48. Recommends streamlining of EIB’s activities by keeping the core focus of the EIB as the “European bank”;
49. Calls on the Bank to only engage in lending outside the Union after having made sure that the trade rules between the country where the lending occurs and the Union include the principle of reciprocity in the application of social, environmental and health standards;

### ***EIB management and control mechanisms***

50. Recalls the necessity of a European prudential supervisory system under which the EIB should be subjected to the same prudential rules as credit establishments; such prudential control should oversee the quality of the EIB's financial situation and ensure that its results are accurately measured and the profession's rules of good conduct are observed; reiterates the call of the EP to subject the EIB to prudential regulatory supervision;
51. Reiterates its call on the European Commission to provide Parliament with a legal analysis of the possible options for prudential supervision of the EIB; recognizes the existence of institutional difficulties in relation to possible role of the European Central Bank in EIB's prudential supervision; calls on the Commission to explore, in close cooperation with the eurozone Member States, all possibilities of EIB's prudential supervision;
52. Proposes that this regulatory supervision be:
- i) exercised by the European Central Bank on the basis of Article 127(6) of the TFEU, or
  - ii) failing that, and on the basis of a voluntary approach by the EIB, carried out by the European Banking Authority, with or without the participation of one or more national regulators, or by an independent auditor;
53. Urges the EIB Group, nevertheless, to continue implementing autonomously best prudential banking practices in order to maintain its strong capital position and to contribute to the growth of the real economy; calls, therefore, for the EIB to undergo a stress test in order to verify the resilience of its portfolio;
54. Welcomes the fact that the EIB voluntarily complies with the current Basel II capital requirements, and urges the EIB to meet the future Basel III obligations as well;
55. Expresses its grave concern about the latest developments related to the EIB's credit rating; urges the EIB to elaborate and implement a strategy in order to keep its AAA rating, which is the cornerstone of the bank's activity and is essential for the bank's operations; notes that the bank would be excluded by certain categories of investors if the AAA rating is not maintained;
56. Given the investment needs of the EU and its Member States, and the insufficient capital provided by the markets, calls upon the Governors of the EIB to agree to a significant increase in capital for the EIB;
57. Points out that the overall level of credit risk in the Bank's loan portfolio has risen, partly as a result of growing pressures on the creditworthiness of existing counterparts, driven by the continuing effects of the economic crisis, and partly as a result of the higher credit risk embedded in new operations; recommends that the EIB take appropriate measures to avoid a deterioration of its loan portfolio;
58. Points out that the EU needs economic growth which can be effectively boosted by investing in research and development and by fostering the construction of trans-European networks, and that in this context the activity of the EIB can contribute to improving the current economic outlook;
59. Considers that the EIB should implement mechanisms to guarantee that in all its financial

operations the EU's environmental, social and human rights values and its transparency and procurement standards are respected; calls on the EIB to further enhance transparency in its lending through financial intermediaries, and to act to prevent the use of tax havens, transfer pricing and tax avoidance;

60. Calls on the EIB to submit to Parliament, on a formal and transparent basis, an annual report containing relevant data on its capital adequacy, contingent liabilities, operations through financial intermediaries, risk-taking, the leverage factor in its private-sector financing, and EIB-EIF cooperation;
61. Calls on the EIB Group to continue implementing best prudential banking practices in order to maintain its very strong capital position and contribute to the growth of the real economy; calls, therefore, for the EIB to remain subject to rigorous prudential regulatory supervision to assess its creditworthiness, to monitor the quality of its financial situation and to ensure precise measurement of its results and compliance with the rules of sound business practice; considers that the EIB could also undergo a stress test to assess its creditworthiness;
62. Calls on the EIB Group to make available on its website, where appropriate and prior to project approval, relevant information on the beneficiaries of long-term loans and guarantees, on its financial intermediaries, project eligibility criteria and venture capital loans to SMEs, specifying in particular the amounts disbursed, the number of loans granted, and the region and industrial sector concerned; recommends that the EIB's role should be more focused, selective, effective and results-oriented; calls also for evaluations of the environmental, social and macroeconomic impact of supported projects;
63. Takes the view that, in order to reach small and medium-sized enterprises, the EIB should especially form partnerships at a higher level with transparent and accountable financial intermediaries linked to the local economy;
64. Calls on the EIB to keep up its efforts to ensure that loans are effectively transmitted to SMEs by financial intermediaries;
65. Calls on the EIB to clarify its stance on the so-called EU Project Bonds or other innovative financial instruments based on cofinancing between the EU and EIB budgets; believes that the Commission should introduce EU Project Bonds that should become operational as soon as possible, preferably before the 2014-2020 budget period; calls on the EIB to play an active part in the realisation of such initiatives; considers that the implementation of the Commission proposal on EU 2020 Project Bonds could contribute to the development of sustainable industries and infrastructure in the Member States as well as at EU level; underlines that procedures established with that purpose should be explicitly laid down in a project eligibility framework subject to the ordinary legislative procedure; considers that requirements regarding environmental, social, civil rights and transparency standards should be respected in all innovative financing instruments;
66. Believes that the EIB should take into account the financial situation of Member States when deciding in which infrastructures the pilot phase of project bonds should be implemented; this pilot phase should give priority to projects in Member States which are suffering from low growth and liquidity problems on the financial markets;
67. Calls on the EIB to assess, and where appropriate review or step up, its activities in its southern Mediterranean countries of operation in order to promote investment in sectors

which are essential for economic development, the functioning of the market, competitiveness and job creation, and to take into consideration the democratic process and the rule of law in those countries; notes the recent EUR 1 billion increase in the EIB's lending mandate for the southern Mediterranean countries, and considers that the EIB should make public the development impact of its current operations in the region;

68. Welcomes the increased role of the EIB's structural programme loans (SPLs) in helping Member States to finance their contributions to programmes supported from the EU Structural Funds; calls on the Commission to work with the EIB in order to ensure that investment in infrastructure projects is not postponed as a result of the economic difficulties faced by Member States;
69. Believes that the EIB should undertake its own independent evaluation of the jurisdictions in which it is operating, in order to fight illicit capital flows and ensure that it has no involvement in offshore financial centres;
70. Calls on the EIB to enhance its activities in those EU Member States which have large and persisting current account deficits, with a view to fostering social and economic convergence and increasing the financial and political sustainability of the monetary union;
71. Asks the EIB to clarify and justify its position regarding the transformation of the FEMIP into a Euro-Mediterranean bank;
72. Requests the revision of the EIB energy policy document from 2007 so as to render it consistent with the EU 2050 objectives and roadmaps;
73. Notes that in 2010 the EIB provided EUR 25,9 billion for those EU regions worst hit by the economic crisis;
74. Believes that, in the context of the difficulties faced by SMEs in accessing credit, the EIB should partner with transparent and accountable financial intermediaries linked to the local economy, and should regularly publish information with regard to the amounts disbursed, the recipients of those amounts, and the regions and industrial sectors to which disbursements have been made;
75. Stresses the importance of the JASPERS, JESSICA, JEREMIE and JASMINE programmes for regional convergence and cohesion in Europe and for support for small and medium-sized businesses, and stresses the need for adequate funding, also during the new programming period (2014-2020); welcomes the EIB's participation in the European Progress Microfinance Facility; stresses the importance for regional convergence of EIB loans in the form of funding for structural projects;
76. Notes the reduction in loans to the EIB to EUR 60 billion in 2012 from EUR 75 billion in 2011 under the new Operational Programme for 2012-2014, as indicated in the annual programme adopted by the Board of Directors;
77. Welcomes the assistance provided by the EIB, in cooperation with the EU Structural Funds, to countries facing financial difficulties, including loans to cover part of the national contribution to projects supported by those funds; welcomes the creation of a Guarantee Fund in Greece funded by the National Strategic Reference Framework (NSRF) with EIB support and assistance, which is expected to help facilitate the realisation of public

investments.

78. Welcomes the new EIB's complaints mechanism; notes however that this mechanism is not completely operational in 2010; takes note of the substantial growth of numbers of complaints mainly in the area of procurement, environmental, social and developmental aspects of financed projects; asks the EIB to provide the EP with relevant information about the follow-up on the submitted complaints by then end of September 2012; welcomes the adoption of the Complaints Mechanism Operating Procedures (CMOP), approved by the Bank's Management Committee in November 2011;
79. Calls on the EIB to reinforce the due diligence on social aspects (including respect for human rights) in its project cycle work, both via ex ante analysis and especially via monitoring during project implementation and completion;
80. Requests that compliance with EU standards on environment and social policies should be a systematic condition for accessing EIB financing, while companies or undertakings that violate these principles and are registered in Non-Compliant Jurisdictions should be effectively excluded;
81. Calls on the EIB to establish clear 'performance indicators' to better track the added value of financing operations, and to strengthen the proper staff expertise in sustainable development, human rights, and social/gender issues;
82. Requests that the financial guarantees given by the EU to the EIB be repaid at the average rate for repayment of comparable guarantees observed on the financial market. The repayment as thus calculated may be subject to a subsidy decision by the EU for the EIB in accordance with the normal procedures if the absence of repayment of this guarantee forms part of an economic model in accordance with the Union's objectives, particularly for activities outside the Union, and with the rules on the functioning of the internal market to avoid distortions of competition with the private sector;
83. Calls on the EIB and the Commission – with a view to the improving the effectiveness and efficiency of the control, monitoring and supervision systems and the implementation and operation of the instruments and mechanisms – to draw up a guide to best practice that also identifies and includes bad practices, where these have occurred, in order to draw lessons from past mistakes;
84. Regrets, for the sake of transparency, that in the chapter entitled 'EIB capital and 2010 borrowing operations', the EIB's 2010 report does not present and evaluate the risk associated with the EIB mechanism itself, a risk based on very substantial, subscribed capital not released by the sole shareholders, being the Member States, whose credit ratings have gradually deteriorated since the onset of the crisis in autumn 2008;
85. Proposes that the Member States involved in the EIB adopt a plan, e.g. over the EU 2020 period, to release the share of unpaid subscribed capital which on 31 December 2010 amounted to around EUR 190 billion;

#### ***EIB's responsibilities and future role***

86. Notes the alarming divergence among European economies in terms of competitiveness and innovation;

87. Welcomes the fact that in 2010, the EIB increased the funding available for climate-related projects in areas such as energy efficiency, renewable-energy, transport, forestation, innovation and adaptation to climate change to EUR 19 billion (30 % of the total loans granted within the EU), up from EUR 16 billion in the previous year;
88. Welcomes the EIB's focus on climate change, particularly on renewable energy; calls on the EIB to make universal energy access a focus of its engagement in the energy sector, by supporting decentralised small-scale and off-grid projects, particularly in rural areas; calls on the EIB to phase out projects which are likely to have a significant impact on the environment, such as large dams, CCS and fossil fuel technologies, to avoid locking developing countries into these energies;
89. Is of the opinion that the EIB should fund projects that meet stringent environmental requirements, thereby promoting sustainable growth and the phasing out of environmental harmful funding;
90. Calls on the EIB to make a more ambitious contribution to the decarbonisation of the transport sector; takes the view, in this connection, that the EIB should give priority to projects that reduce transport demand and develop public and combined transport;
91. Calls on the EIB to draw up a grey list – for study purposes – of projects involving technologies which, although they may meet European minimum standards, fail to reach average European environmental standards;
92. Welcomes the support given by the EIB to the renewable energy sector (a sector of strategic importance in meeting the EU's climate targets), which has been substantially increased over recent years (EUR 6 billion in 2010, as against EUR 500 million in 2006);
93. Welcomes the fact that the EIB has also improved its in-house technical capacity by increasing the proportion of project experts whose work focuses primarily on energy efficiency/renewable energy projects from 40 % (2007) to 64 % (2011);
94. Calls for the EIB to continue to apply more stringent conditions to projects using fossil fuels, which regrettably still represent 10 % of the Bank's financing; stresses how important it is to apply those conditions with a view to phasing out EIB support for high-carbon energy production at the earliest opportunity.
95. Calls on the EIB to ensure that the benefits of EIB-funded projects in developing countries also accrue to local communities, which, where appropriate, should be consulted about investment projects likely to have an impact on their area; takes the view that projects should be checked for environmental integrity and should be consistent with EU carbon-cutting targets;
96. Calls on the EIB, with reference to biodiversity, to base its action on the 'no net loss' principle; draws attention, in this connection, to the standards developed by the Business and Biodiversity Offsets Programme (BBOP);
97. Urges the EIB to increase funding for projects related to water resource management, giving particular emphasis to European countries in the southern Mediterranean area and with a particular concern for the sustainability of supply;

98. Draws the EIB's attention to the growing shortage of raw materials; calls on the EIB to investigate how it can help to ensure more efficient use of raw materials in the EU;
99. Calls on the Commission and the EIB Group to design innovative, joint-budget financing instruments for investments supporting biodiversity, and on the EIB Group to provide related technical and financial advisory services that are consistent with the Bank's environmental performance standards;
100. Calls on the EIB to support projects designed to promote biodiversity and the management of water resources, and to undertake not to fund projects that result in significant changes to important natural habitats or in the production of banned substances, large dam projects that fail to comply with the recommendations of the World Commission on Dams, or extraction projects (oil, gas and minerals) that have a devastating environmental and social impact and that do not comply with the World Bank Extractive Industries Review recommendations;
101. Calls for the EIB to continue to apply stringent conditions to coal- and lignite-based energy production projects that remain eligible for EIB support in line with EU security-of-supply policy objectives, and stresses how important it is to apply those conditions with a view to phasing out EIB support for high-carbon energy production at the earliest opportunity;
102. Further reiterates its call that the EIB should bring its operations fully into line with an EU objective of a swift transition to a low-carbon economy and to adopt a plan for the phase-out of fossil fuel lending, including its lending for coal-fired power plants, and for the redoubling of efforts to increase the transfer of renewable-energy and energy-efficient technologies;
103. Urges the EIB to improve its project appraisal and selection system and to avoid supporting projects with negative impact on climate while reinforcing the monitoring of the projects' implementation; the results achieved with the Bank's investments in terms of climate change prevention should be reported on annual basis;
104. Proposes that the Commission, in conjunction with the EIB (in view of the quality of the latter's human resources and its experience in financing major infrastructure), engage in a process of strategic analysis of investment funding, without ruling out any possible scenario, including subsidies, the release of sums subscribed to the EIB's capital by the Member States, EU subscriptions to the EIB's capital, loans, innovative instruments, financial engineering tailored to long-term projects which are not immediately profitable, the development of guarantee systems, the creation of an investment section within the EU budget, financial consortia of European, national and local authorities, public-private partnerships, etc.;
105. Recalls, moreover, that the Europe 2020 strategy will only be credible if it is backed up by adequate financial resources, and therefore supports a more prominent role for the EIB in enhancing the catalytic role and leverage function of structural funds and the further development and optimum use of innovative financing instruments, involving notably the EIB and the EIF and other international financial institutions on the basis of reciprocity (e.g. blending grants and loans, venture capital instruments, new forms of risk-sharing and guarantees);
106. Calls on the EIB governing bodies to consider the possibility of the European Union becoming a shareholder in the Bank, in addition to the Member States, as this would, in its

view, reinforce the cooperation between the EIB and the Commission;

107. Calls on the EIB to support the confidence-building efforts in those Member States experiencing or threatened with serious difficulties with respect to their financial stability in the euro area, by participating in investment projects in these countries and by providing guarantees that mitigate the increased country risk;
108. Takes the view that, after the Lisbon treaty changes and the increased role of the EIB for the balanced and steady development of the internal market, the EIB should become more accountable to the EU citizens, namely being subject to a discharge procedure by the European Parliament on the deployment of public funds drawn from the EU budget or the European Development Fund and managed by the EIB;
109. Welcomes the commitment of the EIB to develop a new framework for measuring the development impacts (Result Measurement framework, REM) for evaluating projects both ex-ante and ex-post as of January 2012, and encourages the EIB to enhance transparency in applying this framework by disclosing the full list of indicators, and publishing monitoring reports and measures taken; requests to be informed about the improvements in result monitoring achieved by the (REM);
110. Welcomes the fact that the financial and contractual monitoring of projects has been reinforced by the creation of a new monitoring task force; requests to be informed about the results and improvements achieved by the new monitoring task force;
111. Calls on the EIB to participate in financing of investment projects which aim to support research, development and innovation in those countries and regions which in case of external asymmetric economic shocks are disproportionately affected;
112. Calls on the EIB to link its financing projects to strive to contribute to poverty reduction and the achievement of the Millennium Development Goals, human rights, corporate social responsibility, decent work and environmental principles and good governance, through the implementation of Decision No 1080/2011/EU of the European Parliament and of the Council;
113. Welcomes the “Europe 2020” Project Bond Initiative, as a risk-sharing mechanism between the EC and the EIB, providing capped support from the EU budget, that should leverage EU funds and attract additional private sector financing for individual infrastructure projects in line with “Europe 2020” objectives; encourages the EIB to perform a pilot-phase of the initiative before the end of the programming period 2007-2013 in order to assess the effectiveness of the system;
114. Recognizes the progress made by the EIB in establishing clear procedures vis-à-vis the Non-Compliant Jurisdictions; supports the Bank in its policy not to participate in any operation, implemented through a non-cooperative jurisdiction; calls on the EIB to evaluate the implementation and functioning of its “Policy towards weakly regulated, non transparent and uncooperative jurisdictions” (so called NCJ Policy), and to report to the European Parliament before the end of 2012; encourages the EIB to regularly review and update its NCJ Policy to ensure that EIB's financing operations do not contribute to any form of tax evasion, money laundering or financing of terrorism;

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115. Instructs its President to forward this resolution to the Council, the Commission, the European Investment Bank and the governments and parliaments of the Member States.