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TEXTS ADOPTED

P8_TA(2018)0198

Annual report on the control of the financial activities of the European Investment Bank for 2016

European Parliament resolution of 3 May 2018 on the annual report on the control of the financial activities of the EIB for 2016 (2017/2190(INI))

The European Parliament,

– having regard to the 2016 Activity Report of the European Investment Bank (EIB),

– having regard to the 2016 Financial Report and the 2016 Statistical Report of the EIB,

– having regard to the 2016 Sustainability Report, the 2016 Report on 3 Pillar Assessment for EIB operations inside the EU and the 2016 Report on Results Outside of the EU of the European Investment Bank,

– having regard to the Audit Committee annual reports for the year 2016,

– having regard to the EIB Group Anti-Fraud Activity Report 2016,

– having regard to the Report on the implementation of the EIB's Transparency Policy in 2016 and the Corporate Governance Report 2016,

– having regard to the EIB Office of the Chief Compliance Officer Activity Report 2016,

– having regard to the EIB Group Operational Plans 2015-2017 and 2016-2018,

– having regard to Articles 3 and 9 of the Treaty on European Union (TEU),

– having regard to Articles 15, 126, 174, 175, 208, 209, 271, 308 and 309 of the Treaty on the Functioning of the European Union (TFEU), to Protocol No 5 on the Statute of the EIB and to Protocol No 28 on economic, social and territorial cohesion,

– having regard to Protocol No 1 on the role of national parliaments in the European Union,

– having regard to the Rules of Procedure of the European Investment Bank,

– having regard to its resolutions of 11 March 2014 on the EIB – Annual Report 2012[1], of 30 April 2015 on the EIB – Annual Report 2013[2], of 28 April 2016 on the EIB – Annual Report 2014[3], and of 27 April 2017 on the annual report on the control of the financial activities of the EIB for 2015[4],

– having regard to Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011[5] on the EIB's external mandate 2007-2013 and to Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014 granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union[6],

– having regard to the Commission communication of 26 November 2014 on 'An Investment Plan for Europe' (COM(2014)0903),

– having regard to Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments[7],

– having regard to the Commission communication of 22 July 2015 entitled 'Working together for jobs and growth: The role of National Promotional Banks (NPBs) in supporting the Investment Plan for Europe' (COM(2015)0361),

– having regard to the Commission communication of 1 June 2016 entitled 'Europe investing again – Taking stock of the Investment Plan for Europe and next steps' (COM(2016)0359),

– having regard to the Commission communication and the accompanying staff working documents of 14 September 2016 on the extension of the duration of the European Fund for Strategic Investments (EFSI) as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub (COM(2016)0597,SWD(2016)0297 and SWD(2016)0298),

– having regard to the EIB's operations evaluation of the functioning of the EFSI of September 2016,

– having regard to Opinion No 2/2016 of the European Court of Auditors on the proposal for a regulation to increase and extend the EFSI,

– having regard to the Special Report 19/2016 of the European Court of Auditors, entitled 'Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period',

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1 OJ C 378, 9.11.2017, p. 2.
2 OJ C 346, 21.9.2016, p. 77.
3 OJ C 66, 21.2.2018, p. 6.
4 Texts adopted, P8_TA(2017)0138.
5 OJ L 280, 27.10.2011, p. 1.
6 OJ L 135, 8.5.2014, p. 1.
7 OJ L 169, 1.7.2015, p. 1.

– having regard to the Ernst & Young ad hoc audit of 8 November 2016 of the application of Regulation (EU) 2015/1017 (the EFSI Regulation),

– having regard to the Commission report of 16 June 2017 on the management of the guarantee fund of the European Fund for Strategic Investments in 2016 (COM(2017)0326 and SWD(2017)0235),

– having regard to the Tripartite Agreement of September 2016 between the European Commission, the European Court of Auditors and the European Investment Bank,

– having regard to the letter of the European Ombudsman to the President of the European Investment Bank dated 22 July 2016,

– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Budgetary Control and the opinion of the Committee on International Trade (A8-0139/2018),

A. whereas the EIB is the EU's Bank as defined in Articles 308 and 309 of the TFEU, being the largest multilateral bank and the biggest public lender in the world operating in international capital markets;

B. whereas the EIB 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;

C. whereas the challenges of sustainability are increasing, particularly in the context of the 2030 Agenda for Sustainable Development, which has to be transposed into a number of EIB deliverables;

D. whereas the EIB plays a key role in implementing an ever greater number of financial instruments capable of leveraging EU budgetary funds;

E. whereas investment in innovation and skills is crucial to developing Europe's knowledge economy and to achieving the Europe 2020 targets;

F. whereas contributing to a balanced and steady development of the internal market by financing projects for less-developed regions and projects that cannot be entirely financed by individual Member States is the EIB's core task, according to Article 309 of the TFEU;

G. whereas modern, sustainable infrastructure plays an essential role in combating climate change and in connecting internal markets and European economies; whereas all related investment provided by the EIB should ensure that the EU has the sustainable, efficient, environment-friendly and well-integrated infrastructure it needs to create a 'smart Europe' and support truly sustainable and inclusive long-term growth;

H. whereas the EIB is a reference bank aimed at fostering the growth of start-ups and innovative enterprises;

I. whereas the EIB's climate action lending should support the transition to a carbon-free, environment-friendly, climate-resilient economy, namely through projects promoting efficient use of natural resources, renewable energy and energy efficiency;

J. whereas the Investment Plan for Europe has three pillars: mobilising finance for investment; ensuring that investment reaches the real economy; and improving the investment environment in the Union;

K. whereas the EIB's investments should not only be bankable operations but should also respond to sustainability criteria and governance standards, in line with the Treaty requirement of operating on a non-profit-making basis in the interest of the Union;

L. whereas the transparency policy developed within the EIB is challenged by its dual nature as being both a public body – the EU bank – and a commercial bank which manages and holds information on EIB clients;

M. whereas the EIB should maintain its triple-A rating, which is a fundamental asset of its business model of raising funds and lending at attractive rates as well as having sound asset portfolios;

N. whereas while the EIB – by its nature – must involve itself on occasion with private profit-driven enterprise, its primary role is to serve the interests of the citizens of the EU above those of any private enterprise, company or corporation;

Promoting financially sustainable activities for a solid long-term impact from EIB investments

1. Notes the EIB Group's total financing of EUR 83,8 billion for 2016, mobilising EUR 280 billion of total investment that year;

2. Takes note of the set of EIB annual reports for 2016 presenting the various investing activities and their expected impacts; reiterates its request that the EIB present a more comprehensive, detailed and harmonised annual activity report and significantly improve the presentation of the information by including detailed and trustworthy breakdowns of the investments approved, signed and disbursed for the given year and the financing sources engaged (own resources, EFSI, EU centrally managed programmes, etc.), as well as such information regarding beneficiaries (Member States, public or private sector, intermediaries or direct recipients), sectors supported, and the results of the ex post evaluations;

3. Invites the EIB to pursue efforts in that direction by providing policymakers with complete and exhaustive information on the concrete and achieved economic, social and environmental impacts, on the added value and on the results achieved of its operations in the Member States and outside the EU, in the form of 3PA and ReM reports respectively; stresses the importance of carrying out, for each project, an independent ex ante and ex post evaluation; calls on the EIB to provide detailed examples of crossnational added value in its impact investment reporting, as well as key indicators of sectoral and intersectoral successes; calls on the EIB to forward the results of the ex post evaluations to Parliament;

4. Recalls that activities benefiting from EIB support must be in accordance with the Bank's core task according to the TFEU, with the principles of the EU's policy goals as outlined in the Europe 2020 strategy, and with the COP21 agreement; underlines, therefore, that the EIB's mission is to revitalise the European economy in order to

stimulate quality jobs and support smart, inclusive and sustainable growth in the Union, as well as the greater cohesion which is necessary for reversing increasing inequalities both within and between Member States; hopes, to this end, that ever closer collaboration between the EIB, the Commission and the Member States can be achieved, in order to improve planning and the definition of objectives leading to the reprioritisation of funding targets;

5. Underlines the fact that because of their impact and importance to economies both local and national, investment in SMEs, start-ups, research, innovation, the digital economy and energy efficiency is the most essential factor in driving economic recovery in the EU and promoting the creation of quality jobs;

6. Points out the recurrent need for the EIB to contribute to reducing the lasting investment gap on the basis of sound economic criteria; emphasises that the assessment of funded projects should also take into account social, economic and environmental externalities (both positive and negative), especially with respect to the effects that they have on local communities, in order to understand whether real added value is delivered to EU citizens;

7. Considers that approval of investment projects should be based on a sound, independent analysis assessing the financial sustainability and risks associated with the projects, in order to avoid the risk of socialisation of losses and privatisation of returns when public resources are involved; stresses that the provision of public subsidies should be envisaged only for the execution of missions of general interest and where the market is unable to deliver the necessary public policy results;

8. Reiterates Parliament’s concern with regard to defining a balanced strategy with a dynamic, fair and transparent geographical distribution of projects and investments among Member States, taking into account the special focus on the less developed countries and regions; observes that 70 % of the EIB’s total lending for 2016 (EUR 46,8 billion) is concentrated in a few countries with the most developed financial markets, which shows that not all Member States or regions are able to catch up and benefit equally from investment opportunities;

9. Expresses its support for the EIB’s four public policy goals and for the two horizontal objectives which cut across those goals, namely economic and social cohesion and climate action, covering multiple issues, from addressing regional imbalances to helping weaker regions to become more attractive for developing a favourable environment to promote sustainable and inclusive growth; repeats, however, its call on the EIB to reinstate economic, social and territorial cohesion as a primary public policy goal;

10. Calls on the EIB to take into account, in the case of large-scale infrastructure projects, all risks likely to have an impact on the environment, and to finance as a priority those which have demonstrated real added value for the environment, the economy or the local population; stresses the importance of strict monitoring of possible risks of corruption and fraud, and asks the EIB to freeze any loans to projects when an official OLAF or national investigation so requires;

11. Regrets that many Member States lack the capacity to implement financial instruments, deploy public-private partnerships (PPPs) and achieve synergies between various types of financing, which negatively affects overall investment progress;

12. Stresses the need to optimise the use of EU funds and grants, in addition to the EIB's approach to delivering technical assistance and financial advice to Member States in an easily accessible manner, based on a combination of lending (project loans, intermediated loans, microfinance, venture capital, equity and fund investment), blending (direct financing supported by additional sources of investment, e.g. guarantees, project bonds) and advice (financial and technical expertise); calls on the EIB, therefore, in cooperation with the Commission, to provide more technical assistance in the fields of advisory and analytical services, project management and capacity-building to those Member States which receive a low share of EIB financing; recalls that financial instruments, such as project bonds, should be seriously assessed with regard to their financial, social and environmental impact, in order to prevent the entire burden of risk being shifted to the public;

13. Recognises that there may be differences between a bank assessment of the feasibility of projects and a traditional sectoral assessment used for the Structural Funds; considers, furthermore, that the effectiveness of interventions should be assessed on the basis of the potential and sustainability of financial instruments, while also taking account of the quantifiable results that could be obtained;

14. Calls on the EIB to pay attention to cost-effectiveness in running its operating activities by carefully monitoring and reporting administrative costs and fees, given the high number of mandates managed by the EIB; considers it essential that activities be developed with proportional costs; asks the EIB to include in its reporting exhaustive information on the structure of the management costs and fees (direct, indirect and cumulative) according to the nature of the mandates being managed, the size of the projects and the financial instruments used, i.e. loan, guarantee or equity;

15. Considers the triple-A rating to be an essential asset for the development of the EIB's investment strategy and long-term lending priorities; recalls, however, that in order to contribute to the economic development of the EU, the EIB's instruments and interventions – notably those based on risk transfers – cannot be risk-free;

16. Notes that the United Kingdom subscribed 16,1 % 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; asks the EIB's management to identify and swiftly inform Parliament of the impacts of Brexit on the EIB with a view to preserving the EIB's ability to achieve its policy objectives;

17. Calls on the EIB, given the most immediate challenge to it caused by the UK's decision to trigger Article 50 and recognising that the detailed terms of withdrawal cannot be pre-empted, to provide Parliament with a detailed breakdown of the projects and stage of implementation up to end 2017, together with a preliminary assessment of the possible risks involved;

Refining the monitoring of added value and additionality within the EIB's financial management

18. Notes that in 2016 the EIB's portfolio of loans, guarantees and investments mobilised EUR 280 billion of total investment; observes that EUR 67,7 billion of investment was related to EFSI approvals in 2016, which were dedicated primarily to smaller companies (31 %), the energy sector (22 %), and research, development and innovation (22 %);

regrets, however, that a large share of investments under the EFSI portfolio was earmarked for fossil fuel-related projects; reiterates the need for an in-depth analysis and evaluation on the environmental impact of each project;

19. Considers that leveraging up the impact and ensuring additionality are of pivotal relevance; takes note of the modelling and estimated impact of the EIB's activities, which should contribute to an additional 1,1 % of GDP growth and to the creation of an additional 1,4 million jobs by 2030; welcomes the fact that 385 000 SMEs will benefit from EIF financing, recalling that SMEs are the backbone of the EU economy and drivers of employment and sustainable growth; asks the EIB to report regularly on updated leverage effects; understands, however, that leverage varies between sectors and that a project with lower leverage does not necessarily imply low added value;

20. Stresses that the EIB's activity in the current period of sluggish recovery must be carefully directed towards high-quality projects ensuring strengthened additionality vis-à-vis other existing Union instruments and the EIB's main operations; hopes, to this end, that closer collaboration between the EIB, the Commission and the Member States can be achieved with a view to greater market flexibility and improvement of digital and transport infrastructures, the lack of which is often perceived as an obstacle to investment;

21. Takes the view that relevant qualitative management information should be provided for each project covered, on the basis of monitoring or additionality indicators alongside risk exposure, in order to permit the proper assessment of its added value, potential role as a driver of effectiveness, or contribution to the EU economy;

22. Calls on the EIB to present precise information when EU leverage on public resources is at stake, on the minimum and average leverages achieved and channelled to beneficiaries or projects and showing the magnitude of private funding attracted; asks that the share corresponding to the leverage of public funding and private capital be clearly identified; considers that there is a risk of the multiplier effect being overstated and that the defined objectives and results were simply projections, not confirmed by tangible, accurate, clear and up-to-date statistics;

The EFSI's achievements to date

23. Notes that at year end 2016 the EFSI expected to mobilise eligible total investments of EUR 163,9 billion; also notes, however, that according to the EIB Group Operational Plan 2018, the actual volume of investments mobilised under the Infrastructure and Innovation Window (IIW) and the SME Window (SMEW) in 2016 amounted to no more than EUR 85,5 billion, which, together with EUR 37 billion for 2015, results in a total of EUR 122,5 billion in investments mobilised by the EFSI;

24. Questions whether the raised target of EUR 500 billion can be reached in the EFSI 2.0 implementation, and calls on the EIB to prove the added value of the EFSI as a financial instrument to stimulate private investment;

25. Recalls that the underlying rationale of the EFSI, which is supported by the EU budget, unlike other current EIB financing instruments, is to provide additionality by identifying truly additional and innovative future-oriented sectors and projects with higher risk, along with new counterparts from the private sector;

26. Observes that complementarity between the different pillars of the Investment Plan for Europe (IPE) is still incipient; acknowledges that while the EIB Group has a high degree of influence on the EIAH under Pillar 2, the Group has very limited influence on the rest of Pillar 2 (ensuring that investment finance reaches the real economy) or on Pillar 3 (improving the investment environment – regulatory reform);

27. Highlights the importance of the additionality criteria, which entail the need to support operations that are only eligible for EFSI support when addressing clearly identified market failures or sub-optimal investment situations and that could not have been carried out to the same extent or in the same timeframe without the EFSI; requests that the EIB Group should take full advantage of its risk-bearing capacity in order to select innovative undertakings, but at the same time exhibit the potential to bring genuine added value, e.g. in the form of stable and quality jobs;

28. Recalls that the assessment of the additionality of all EFSI-supported projects must be duly documented; regrets that the scoreboards for the approved operations are not published under EFSI 1.0; recalls that this failure to publish creates both accountability and transparency issues; emphasises the importance of transparency regarding the EFSI Scoreboard of Indicators, which is also necessary in view of the need to hold the EFSI Investment Committee accountable, and notes therefore positively that the Scoreboard of Indicators will be made public under EFSI 2.0; stresses also the need for a clearer definition of the principle of additionality in relation to activities with a higher risk than standard EIB operations, in order to ensure greater coherence and transparency in the selection of projects;

29. Calls on the EIB to provide complete and relevant qualitative management information on the implementation of the EFSI’s stated objectives, showing their effective additionality and impact compared with benchmarks;

30. Calls on the Bank to shed light on EFSI projects which potentially include infrastructure installations with serious environmental impact and dubious additionality, such as biorefineries, steelworks, regasification and gas storage facilities and motorways; calls on the Bank to seriously take into account statements from local authorities, stakeholder communities and civil society groups according to its due diligence procedures; recommends to the EIB, with reference to the precautionary principle, to freeze and, if necessary, withdraw funding wherever there is any scientific proof or serious risk of environmental infringements and damage to society or to local communities;

31. Insists, for accountability purposes, on the development of results-driven investments, to be regularly assessed through the scoreboard of indicators by the Investment Committee, with a view to identifying projects that are well-targeted in terms of their effective macroeconomic impact or stimulatory effect on sustainable growth and job creation; calls for an objective overview of the additionality and added value of these projects, as well as their consistency with Union policies or other classical EIB operations;

32. Regrets the fact that only 20 % of EFSI financing has supported projects that contribute to climate change mitigation and adaptation, whereas the EIB’s standard portfolio has attained the 25 % threshold; calls on the EIB to ensure that its maximum standards are respected in all circumstances, with a view to protecting the environment and meeting the COP21 criteria;

33. Is concerned that at the end of 2016 EFSI investments in social infrastructure (human capital, culture and health) amounted to only 4 % (less than EUR 900 million), being the lowest supported sector by the EFSI as a whole and within the two individual windows (IIW and SMES); stresses that there is a clear and urgent need to significantly increase the share and volume of such investments;

34. Regrets that the existing support services are not present locally in each Member State to address capacity weaknesses; believes that adequate clarification or strategic guidance should be provided for local and regional actors, particularly with regard to the EFSI's positioning and possible combination with other Union or EIB funds; notes that cooperation between the EFSI and other sources of EU funding (COSME, Horizon 2020) should be improved in order to offer better synergies; points out that the EFSI should not be considered as merely another additional financial source, and that due care should be devoted to avoiding double targeting or double funding;

35. Takes note of the increase in volume of the EIB's special activities resulting from the first year and a half of the EFSI; believes that EIB special activities supported by the EFSI must deliver additionality compared to other EIB, EIF or Union financial instruments;

36. Urges improvement of the transparency of the operations selection process and disclosure of all operational information on signed operations through the scoreboard of indicators, as well as of the accountability of operations;

37. Asks for governance arrangements to be streamlined so as to better define the respective responsibilities of the Commission and the EIB, ensure independence, and prevent conflicts of interest on the part of the various actors participating in the decision-making process, especially the members of the EFSI Investment Committee;

38. Welcomes the increased accountability of EFSI 2.0 to the European Parliament (including via regular reports and an EP representative on the EFSI Steering Board), as well as the increased transparency of the EFSI Scoreboard of Indicators; expects, therefore, the implementation of the publication of project assessments under the Scoreboard of Indicators, pursuant to the EFSI 2.0 regulation, in order to ensure that the EU budget funds are used only as a guarantee for projects whose nature justifies such additional public support; regrets, however, the fact that the proposal for the extension of the EFSI was accompanied by neither an impact assessment as envisaged by the better regulation guidelines nor an ex ante evaluation as required by Articles 30 and 140 of the Financial Regulation for spending programmes and financial instruments;

39. Recommends that the annual reports indicate how the EIB has integrated the recommendations made in European Parliament resolutions, this being a practice of accountability that should be formalised;

Mapping the levers for change and value creation in the implementation of EU public policy goals

40. Takes note of the report on EIB operations inside the EU in 2016, outlining the financing that it provided in four fundamental public policy areas, namely Innovation and Skills (19,6 % of EIB signatures in 2016 – EUR 13,1 billion), SMEs and midcaps finance (31,7 % – EUR 21,3 billion), infrastructure (27,1 % – EUR 18,1 billion), and

environment (21,6 % – EUR 14,5 billion);

41. Regrets that there is no structured information provided in the report on EIB operations inside the EU in 2016 about one of the Bank's cross-cutting policies, i.e. economic and social cohesion; expresses its concern that for a second year in 2016 the EIB did not reach the envisaged level of 30 % for investments for cohesion (26,8 % in 2016 and 25,2 % in 2015 achieved inside the EU);

42. Emphasises the need to include in the EIB annual reports a more detailed analysis of investment requirements by sector in the EU, in order to make it possible to identify any areas in which investment falls short of what is required for the pursuit of the EU's priorities; believes that the EIB should assess the ability of its investment instruments to counteract such deficits;

43. Is of the opinion that an increase in EIB lending activity could be achieved through a more efficient and strategic allocation of resources, targeting productive and sustainable investment projects with a demonstrated added value as well as better synergies with public funds, with the aim of boosting public investment and stimulating internal demand; stresses that such an increase should be accompanied by a corresponding diversification of the EIB's product range, including a more efficient and transparent use of public-private partnerships – while maintaining public and private benefits in balance – and by other innovative solutions, in order to better address the needs of the real economy;

44. Draws attention to the numerous calls on the EIB to catalyse and facilitate best practice dissemination in all Member States, in particular through the relevant national promotional banks, investment platforms and institutions that constitute a major tool for a coordinated EU response to the low level of investment;

45. Regrets that the social investments amount to less than 6 % of the annual EIB portfolio; underlines that social cohesion is a key horizontal priority goal for the EIB, and insists that the Bank should take into consideration the need to reduce inequalities and disparities within the EU and to invest in the social sector and on a broader geographical scale;

Support for SMEs and midcaps

46. Acknowledges that the trend of developing more financial instruments for SME support, as compared to classical grants, represents a policy challenge and shift in terms of transaction monitoring, fund management and level or speed of disbursements to SMEs; points out that SMEs and midcaps play a crucial role in the European economy by generating jobs and wealth and promoting innovation; underlines that SMEs represent over 90 % of businesses in the EU and employ two thirds of the active working population, and that, therefore, supporting access to finance for SMEs and midcaps must remain a key priority for the EIB; recalls that the EIB should be one of the institutions helping to reduce the financing gap faced by SMEs;

47. Observes that the EIB's support for SMEs accounted for approximately 33,6 % of its funding in 2016 via the European Investment Fund, mobilising EUR 36,2 billion of investment through financial intermediaries, with the aim of sustaining 3,8 million jobs;

48. Notes the widening of the range of the InnovFin products as two new financing facilities, targeting demonstration projects in the fields of renewable energy and infectious diseases, were established; welcomes the novel operation of EUR 140 million involving a peer-to-peer lending platform linking investors with SMEs seeking finance;

49. Calls on the EIB to work more closely with its financial intermediaries in the Member States in order to disseminate relevant information to potential beneficiaries with a view to establishing an entrepreneur-friendly environment which allows SMEs easier access to funding; emphasises the importance of the EIB in facilitating partnerships and strengthening support instruments for funding the activities of micro, small and medium-sized enterprises and for innovative start-ups; also invites the EIB to cooperate more closely with regional public institutions with a view to optimising the financing possibilities for SMEs;

50. Stresses that the EIB needs to further develop its risk culture in order to improve its effectiveness and the complementarity between its interventions and various EU policies, especially in economically disadvantaged regions or regions that lack stability, in line with the recurrent and long-standing objective of easier access to financing for SMEs, but without compromising the principles of sound management;

51. Stresses the need to tailor investment programmes to small-scale projects in order to ensure the participation of SMEs; believes that the EIB should contribute to bridging possible funding gaps for micro-enterprises, through an increased use of financial instruments and products such as microfinance facilities and guarantees;

52. Highlights that access to finance and internationalisation are important hurdles that SMEs face; underlines that SMEs represent the backbone of the European economy; believes that despite it having taken the right direction, more must be done by the EIB to ensure easier and more effective access for SMEs to funding so that they can integrate into global value chains; considers that the EIB must support EU enterprises which want to do business abroad, including via the Trade Finance Facility;

Innovation and skills

53. Underlines that investment in innovation and skills is crucial to the development of Europe’s knowledge economy and to the achievement of the Europe 2020 targets, including 3 % of GDP being spent on R&D; hopes in particular that the EIB, in cooperation with the Commission and the Member States, will fund projects that can guarantee to cover, in the short to medium term, the shortfall in skilled labour, which represents a strong obstacle to investment;

54. Notes that total lending to innovative projects in 2016 amounted to EUR 13,5 billion, of which EUR 12,2 billion concerned first signatures, while total project investment costs corresponding to new operations were EUR 50,2 billion;

55. Urges the EIB to ensure its support for innovative firms in their development and commercialisation of new products, processes and services as they face difficulties in obtaining financial aid from commercial banks; stresses the role of the EIB in helping to complete Europe’s digital network (e.g. fast broadband) and create a single digital market, including digital services; encourages the EIB to develop incentives aimed at promoting public and private sector investment in R&D in the fields of information and

communications technology, life sciences, food, sustainable agriculture, forestry and low-carbon technologies;

56. Welcomes the revision of the knowledge economy lending programme in the educational field, which has led to the extension of funding beyond initiatives targeted on young people so as to include vocational training and lifelong learning for all age groups;

Infrastructure investment

57. Considers that it should be a matter of priority for the Union to implement projects with true European added value; is convinced that an innovative and effective economy needs an advanced, environment-friendly and high-quality transport system and infrastructure, and that these should be among the Union's priorities, with a special focus on innovative multimodal infrastructure and transport solutions in sparsely populated areas;

58. Calls on the EIB to pay greater attention to the implementation of infrastructure projects, especially in weaker regions, in order to avoid a slowdown of the economic convergence process; calls, therefore, for a reflection at EU level on public financing for measures, even of a provisional nature, that can bring about a genuine revival of public investment in infrastructures;

59. Stresses the need for European investment policy to pay more attention to horizontal issues, particularly as regards future sustainable transport means and services, which will require the simultaneous and coherent development of alternative energy and telecommunications networks; stresses, therefore, the crucial role of the EIB in delivering the long-term financing that is required for these types of project on competitive terms;

60. Notes the EIB's financing activity in the area of infrastructure and transport, totalling EUR 18,1 billion in 2016, and recalls the importance of delivering a real economic, environmental and social added value to EU citizens as well as of both detailed ex ante evaluation of the projects selected and ex post assessment of the results achieved;

61. Calls on the EIB, with regard to infrastructure operations within the EU, to invest significantly more resources for comprehensive advisory assistance to authorities at local level and to smaller municipalities at an earlier stage in the identification and pre-assessment of projects;

62. Expresses concern with regard to the EIB's EUR 1,5 billion loan to the Trans-Adriatic Pipeline project, which does not comply – to a varying extent in the transit countries, i.e. Albania, Greece and Italy – with the minimum environmental and social standards laid down by the Equator Principles; regrets that the EBRD has already allocated EUR 500 million in funding, and takes the view that this project is not appropriate for EIB investment and should not be considered for funding by any bank that aspires to making socially and environmentally responsible investments;

Environment and climate action

63. Takes note of the EIB's commitment of at least 25 % of the EU lending portfolio to low-carbon and climate-resilient growth; observes that in 2016 the total value of

environment-related operations amounted to EUR 14,4 billion, of which sustainable transport operations accounted for EUR 4,9 billion, environmental protection and natural resource efficiency operations for EUR 5,0 billion, and renewable energy and energy efficiency operations for EUR 4,6 billion; notes further that the signatures for the cross-cutting objective of climate action amounted to EUR 17,5 billion;

64. Stresses the importance of the goals set by COP21 with regard to transport in combating climate change; expresses its concern that transport represents almost a quarter of Europe's greenhouse gas (GHG) emissions and is the main cause of air pollution in cities, while emissions in this sector remain higher than in 1990; notes that in the period 2014-2016 the EIB funded fossil energy projects in Member States amounting to a total of EUR 5,3 billion, namely two petroleum projects, one carbon project and 27 gas-related projects, in addition to EUR 976 million through the external guarantee to fund six non-EU projects, one of which concerned carbon and five fossil gas projects; underlines that financing should favour a shift from road transport to more sustainable forms of transport;

65. Stresses the importance of the projects planned to be financed or cofinanced by the EIB being compatible with the national climate targets linked to the implementation of COP21;

66. Calls on the EIB to foster the financing of projects in alignment with its climate strategy and the Paris Agreement, phasing out its support for fossil fuels, in order to become a key instrument of the EU in the global joint effort to tackle climate change, and to support sustainable development and the achievement of a more competitive, secure and sustainable energy system in line with the 2030 Energy Strategy; to that end, calls on the EIB to refrain from financing projects involving heavily polluting and outdated technologies, in particular when facilitating investment in the energy sector; calls on the EIB to increase its lending to public infrastructure projects aimed at mitigating the consequences of climate change (e.g. floods) and to small-scale renewable energy projects;

67. Calls on the EIB to further reinforce its support to the renewable energy sector, in particular to decentralised and small-scale projects;

Responding to global challenges

68. Recalls that 10 % of the EIB's overall lending activity is dedicated to operations outside the Union, and notes that the overall amount offered by the EIB to project promoters outside the EU has gone up since 2015; stresses, for this reason, the importance of the annual reporting by the EIB on its operations outside the Union with regard to compliance with the general principles guiding the external action of the Union, and of the EIB playing its due role in the framework of the EU's renewed commitment to Policy Coherence for Development and on a basis of consistency with the EU's other policies, the UN's Agenda 2030 and the Paris Agreement, supporting education and the creation of decent jobs, ensuring full respect for human rights and labour and environmental rights, and promoting gender equality; underlines that the EIB should properly take into consideration the EU's trade strategy, including existing and future trade agreements, in supporting EU businesses abroad;

69. Calls on the EIB to develop a methodology, in cooperation with the EEAS and the

Commission’s DG DEVCO, for measuring the impact of its lending operations outside the EU on EU development cooperation overall, specifically regarding Agenda 2030 and the impact on human rights;

70. Takes note of the EIB’s initiatives aimed at strengthening economic resilience in the source countries of migration, and in particular its efforts to develop a powerful multiplier of EU external policy in Africa;

71. Takes the view that the EIB must boost its capacity to take on and guarantee risks, in particular as regards projects for developing and strengthening the private sector, and those which are part of the Economic Resilience Initiative;

72. Reiterates the need for the Court of Auditors to step up its evaluations of EIB operations benefiting from the EU budget and to apply more scrutiny to the operations under the EIB’s External Lending Mandate (ELM);

73. Stresses the fact that the external operations of the EIB should act as a support for policy areas of high importance for the EU;

74. Takes note that the EIB is increasing the capacity of the ACP Impact Financing Envelope and is turning it into a revolving fund, with EUR 300 million dedicated to dealing with migration directly by supporting private-sector initiatives; notes that the EIB will also make EUR 500 million available under the ACP Investment Facility to target public sector projects with a migration focus; stresses the importance of not using EIB funds for purposes of security or border control; believes, rather, that the focus should be on the sustainable development of third countries; reiterates the importance of conducting detailed human rights-related due diligence checks with regard to the projects implemented; calls on the EIB, when implementing its projects, to take any human rights violations into account and to put an end to any loans accordingly; recommends that the EIB agrees to abide by the relevant UN Human Rights Conventions by the end of 2018 in order to streamline human rights due diligence into all levels of the project cycle; calls for the development of practical guidance on the assessment of aspects related to all basic human rights and affected groups, to be used during the ex-ante assessment and ongoing monitoring on a project-by-project basis; requires an assessment from the Commission to point out the risks of human rights violations under the EU guarantee;

75. Draws attention to the effectiveness of the Investment Facility launched in 2003 under the Cotonou Agreement, and calls for an instrument of this kind to be retained following the renegotiation in 2020 of the agreements binding the EU to its ACP partners;

76. Calls on the EIB, with regard to its new ELM, to ensure that real added value and additionality are brought by the new priority on migration added to the previous ones, namely climate, SMEs and socio-economic infrastructure; stresses, therefore, the need to implement the newly-created Economic Resilience Initiative in an appropriate manner, supporting projects that are different from previously financed ones;

77. Welcomes the role of the EIB in local private sector development and its support for microfinance, and recognises that its activities offer new economic and trade opportunities; underlines the need for a proper and efficient adaptation of EIB activities to current international challenges; calls for an expansion of the EIB’s ELM, with a

view to increasing its role in achieving sustainable development and providing a strategic response to address the root causes of migration, and for it to take a more active part in the new private sector strategy; calls on the EIB, in this regard, to step up its involvement in projects for the infrastructure, transport and digitalisation needed to promote local and regional trade routes, and to foster the internationalisation of SMEs, thereby actively contributing to the implementation of the WTO's Trade Facilitation Agreement; reiterates that the EIB must align its activities with the UN's SDGs;

78. Notes that in 2016 the EIB approved new facilities for microfinance, one for the Caribbean, one for the Pacific and two for Africa, for a total amount of EUR 110 million, and one for the Southern Neighbourhood for EUR 75 million; recalls that the EIB's microfinance facilities and technical assistance have brought EUR 300 million to more than 1,5 million beneficiaries; calls on the EIB to include in its next report the leverage effects of these facilities together with the funds allocated through the external action financial instruments;

79. Notes the fact that in 2016 half of all EIB lending operations under the ELM went to local financial intermediaries, with the aim of boosting microcredits; calls on the EIB to conduct a gender evaluation of the on-lending of financial intermediaries, given that microcredits are mostly directed to women entrepreneurs;

80. Notes that the EIB is planning to set up a development subsidiary within the EIB group with the aim of becoming the EU development bank; calls on the EIB and the Commission to proceed with these preparations in the most transparent and inclusive manner, including a public consultation process;

81. Notes that the EIB, through its lending instruments, can be an important lever for the EU's new economic diplomacy; stresses in this respect that the EIB must take note of economic diplomacy considerations in its operations;

82. Supports the stepping-up of partnerships between the EIB and the Member States' development agencies, and projects carried out jointly by the EIB and other Multilateral Development Banks (MDBs), in particular when the purpose of those projects is to help meet the UN's 2030 SDGs;

83. Notes that in the last few years there has been a lack of foreign direct investment (FDI) support operations targeted on Asia; stresses that EU investors, and in particular SMEs, should have a greater presence on the Chinese, Indian and ASEAN markets and should benefit from a level playing field; calls on the EIB to provide direct financing to EU companies in support of outward investment, including through the ELM;

Enhancing the EIB's corporate governance, business practices, transparency and accountability standards

84. Believes that the linkage between impact and performance scrutiny on the one hand, and greater accountability and visibility on the other, should be enhanced, on the basis of an assurance process that is binding for all stakeholders (financial intermediaries, promoters and final beneficiaries, with thorough integrity and 'know your customer' checks); invites the EIB to disclose information on high-risk sub-projects and to share lessons learnt with other international multilateral development banks, notably from the exchange of information on the results of due diligence checks on corporate or tax

matters or of ‘know your customer’ reviews;

85. Recognises the importance of raising awareness at local and regional level of the availability of funding and technical assistance throughout the EU; acknowledges, moreover, that an appropriate awareness of the EIB’s involvement in project financing for various stakeholders is crucial if citizens at local level are to be aware of their right to appeal and lodge complaints with the Complaints Mechanism Office and the European Ombudsman; notes that 89 complaints were registered in 2016, of which 84 were admissible, by comparison with the 56 received in 2015;

86. Expresses its concern over the proposed policy revision regarding the EIB Complaints Mechanism (EIB CM), and calls on the EIB to ensure in particular that the Head of the EIB CM registers all complaints duly and informs complainants of the reception of their complaint before a decision on admissibility has been taken; to ensure that the Head of the EIB CM is independent from other parts of the Bank’s governance structure and is able to take all decisions concerning admissibility of a complaint without having to consult the services of the EIB Group, also taking decisions with regard to the eligibility of the complaint for an investigation/compliance review or mediation, even if there is no agreement with the EIB services, the Inspector General or the Management Committee; to follow the examples given by the European Ombudsman for the definition of maladministration, so as to include forms of poor or failed administration such as administrative irregularities, unfairness, discrimination, abuse of power, failure to reply, refusal of information and unnecessary delay; and to ensure that the procedure is as transparent as possible, with the CM disclosing information on its procedures, operations and cases proactively, and that the recruitment procedures for the Head and staff of the CM are made more transparent;

87. Draws attention to the concerns raised during the public consultations with regard to certain proposals for the revision of the Complaints Mechanism Office of the EIB, namely, the exclusion from the CM of cases linked to public procurement as well as of issues related to the legality of EIB policy, and the limitation of the independence of the Complaints Mechanism Office by envisaging a requirement to consult other services before assessing whether a complaint is admissible and by reducing the Office’s ability to make recommendations; strongly encourages the Management Committee to take on board these concerns;

88. Stresses the importance of the European Ombudsman exerting public scrutiny over the EIB;

89. Welcomes the disclosure of the minutes of the meetings of the EIB Board of Directors, and recommends that the EIB also consider disclosing non-confidential information of the meetings of the Management Committee; at project level, reiterates its request concerning the systematic disclosure of Completion Reports for EIB activities outside Europe, as well as of the 3PA and REM sheets for EIB projects; believes that the practice of disclosing the Scoreboard of Indicators, as foreseen for EFSI 2.0, should be applied to all projects implemented by the EIB; notes that such disclosure would be a major breakthrough on the transparency of EIB operations;

90. Is deeply concerned that the Bank’s management has so far provided no response whatsoever to the specific provisions of paragraphs 75 and 76 of Parliament’s resolution of 27 April 2017 on the control of the financial activities of the EIB for 2015, and

recalls the need to provide for more stringent rules on conflicts of interest and for clear, strict and transparent criteria to prevent any form of corruption; reiterates that the EIB must revise its Code of Conduct in order to make sure that its Vice-Presidents are not in charge of operations in their home Member States, since this poses a risk to the independence of the institution; is deeply concerned at the shortcomings identified in the EIB's existing mechanisms to prevent possible conflicts of interest within its governing bodies; calls on the EIB, in this regard, in order to better prevent conflicts of interest in its governing bodies and potential 'revolving door' issues, to take into consideration the Ombudsman's recommendations and to revise its Code of Conduct as soon as possible; calls on the EIB to join the interinstitutional agreement on the EU Transparency Register, as soon as the negotiations between the Commission, Parliament and the Council have been concluded;

91. Underlines that combating all forms of harmful tax practices should remain an important priority of the EIB; calls on the EIB to swiftly apply the relevant EU legislation and standards on tax avoidance, tax havens and other related issues, and to require its clients to comply with those rules accordingly; expresses its concern at the lack of information disclosed by the EIB on ultimate beneficial ownership, especially where the financing relies on private equity funds; urges the EIB to take proactive measures and carry out increased due diligence measures where EIB projects are found to have links with jurisdictions that raise tax concerns;

92. 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 organised crime and terrorism; stresses the need to improve the project evaluation criteria in order to ensure that EU funds are not invested through entities in third countries which do not comply with international tax standards;

93. Stresses that standards in the area of tax transparency and tax good governance should be reinforced, in particular as regards the provisions on tax avoidance; notes the adoption at the end of 2017 of the EU list of non-cooperative tax jurisdictions; calls on the EIB, in this regard, to enhance its non-transparent and uncooperative jurisdictions policy (NCJ Policy) in its ongoing review, developing a broader responsible taxation policy; calls on the EIB to demonstrate the feasibility of higher tax transparency standards by adopting a policy that goes beyond minimum legal requirements, with the EIB appointed as a guide in the field of fair taxation; stresses in particular the need to make the allocation of direct and indirect loans conditional on the publication of tax and financial data country by country, and on the sharing of beneficial ownership data for the beneficiaries and financial intermediaries involved in the financing operations, without exemptions;

94. Positively notes the importance given by the EIB to its policy of zero tolerance of fraud, corruption and collusion; calls on the EIB to take all appropriate measures, including suspension of payments and loan disbursements, with a view to protecting the EIB´s and the EU's financial interests whenever OLAF or criminal investigations so require, and calls further on the EIB to adapt its internal rules accordingly; underlines the need to disclose information on the contracting and subcontracting system in order to avoid any risk of fraud and corruption; stresses that the EIB website should contain a dedicated and visible space where debarred entities are listed publicly, in order to ensure a deterrent effect; underlines the importance of the EIB entering into cross-

debarment networks with other multilateral lenders; calls on the EIB to harmonise its debarment policy with other multilateral lenders, such as the World Bank, which lists more than 800 individuals and firms as ‘debarred’ despite its volume of funding being approximately one half of that of the EIB;

95. Hopes that the EIB, in line with the 2016 Commission communication, will continue to implement and improve an external strategy for effective taxation, ensuring compliance with international tax transparency standards and encouraging international country-by-country reporting; calls on the EIB to ensure a high quality of information regarding ultimate beneficiaries and to effectively prevent transactions with financial intermediaries having adverse consequences with regard to transparency, fraud, corruption, organised crime and money laundering or harmful social and environmental repercussions;

96. Regrets that the ‘Dieselgate’ cases raised a number of questions over the fact that Volkswagen had received EIB loans through fraud and deception; asks the EIB to follow OLAF’s recommendations on taking active steps in implementation of its anti-fraud policy; underlines the secretive nature of the EIB’s handling of the case and urges the bank to disclose OLAF’s report on its Volkswagen loan, and to publish as a minimum a meaningful summary of this report;

97. Points out that the lengthy corruption investigations concerning the scandal of the MOSE system concluded on 14 September 2017 with a judgment from the Court of Venice which sentenced two leading figures who were directly involved in the scandal to four years’ imprisonment and the confiscation of EUR 9 575 000; regrets that between 2011 and 2013 the EIB disbursed three loans to the value of EUR 1,2 billion for the implementation of the MOSE project, the last of which was granted after the national authorities had opened investigations for corruption; calls on the EIB to ensure that its zero tolerance policy towards fraud is implemented as strictly as possible and to withdraw the entirety of its funding from the MOSE project and the projects linked to it through the system of companies and beneficiaries involved in the implementation of projects in the Veneto region, with particular reference to the stretch of the A4 motorway known as Passante di Mestre, with regard to which investigations are still under way for tax fraud, corruption and infiltration by organised crime, and to the third lane of the A4 motorway in the section between Venice and Trieste; urges the EIB to conduct appropriate internal investigations concerning the selection of beneficiaries and the disbursement and management of its funds, and to publish the results;

98. Welcomes the regular review of best banking framework and practices within the EIB Group, carried out in order to identify compliance gaps; considers that the mandates of the EIB and the EIF call for a comprehensive and regular system of risk assessment and oversight at the EIB Group level, which makes the fine-tuning of core business processes and the sharing of information related to the management of mandates crucial for the EIB’s overall accountability;

99. Welcomes the proposals of the EIB’s Ethics and Compliance Committee in the field of corporate governance and transparency, such as the introduction of ethical matters into its remit, in addition to mechanisms to better prevent conflicts of interest in the governing bodies and potential ‘revolving doors’, the introduction of a suspension procedure for members of the management committee, and the creation of an advisory committee that will be able to deliver opinions before the formal appointment of

members of the Management Committee;

100. Stresses the importance of strengthening post-employment integrity obligations and of putting concrete sanctions in place for potential ‘revolving door’ cases between the EIB’s top management and the private sector; believes, therefore, that the ‘cooling-off period’ during which former members of the Board of Directors may not lobby EIB governance bodies or staff should be at least 12 months;

101. Welcomes the initiation of the review of the EIB’s whistle-blowing policy, as well as the updates related to the implementation of the AML-CFT framework (anti-money laundering and combating the financing of terrorism) since its adoption by the EIB in 2014, in close relation with its ‘know your customer’ requirements for ongoing portfolios and new business activities;

Follow-up of Parliament’s recommendations

102. Reiterates its call on the EIB to report on the state of play and status of the previous recommendations issued by Parliament in its annual resolutions, especially as regards the impact of its lending activities;

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103. 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.