THE EUROPEAN INVESTMENT BANK

The European Investment Bank (EIB) furthers the objectives of the European Union by providing long-term project funding, guarantees and advice. It supports projects both within and outside the EU. Its shareholders are the Member States of the EU. The EIB is the majority shareholder in the European Investment Fund (EIF), and the two organisations together make up the EIB Group.

LEGAL BASIS

— Articles 308 and 309 of the Treaty on the Functioning of the European Union (TFEU). Further provisions regarding the EIB are contained in Articles 15, 126, 175, 209, 271, 287, 289 and 343 TFEU;

— Protocol (No 5) on the Statute of the European Investment Bank and Protocol (No 28) on Economic, Social and Territorial Cohesion, appended to the Treaty on European Union and the Treaty on the Functioning of the European Union (TFEU).

OBJECTIVES

According to Article 309 TFEU, the task of the EIB is to contribute to the balanced and steady development of the internal market in the interest of the Union. The EIB, in all sectors of the economy, facilitates the funding of projects that:

— Seek to develop less-developed regions;

— Seek to modernise or convert undertakings, or develop new activities which cannot be completely financed by means available in individual Member States;

— Are of common interest to several Member States.

It also contributes to the promotion of economic, social and territorial cohesion in the Union (Article 175 TFEU and Protocol No 28). In addition, it supports the implementation of measures outside the EU which support the development cooperation policy of the Union (Article 209 TFEU). EIB activities focus on six priority areas: climate and environment; development; innovation and skills; small businesses; infrastructure; and cohesion.

RESOURCES AND INSTRUMENTS

A. Resources

In the pursuit of its objectives, the EIB mainly has recourse to its own resources and the international capital markets (Article 309 TFEU).

1. Own resources

The own resources are provided by the members of the EIB, i.e. the Member States (Article 308 TFEU). The contribution to the capital by each individual Member State is laid down in Article 4 of the EIB's Statute and is calculated in accordance with Member States' economic weight. Member States can increase their capital subscriptions on a voluntary basis. The EIB's total subscribed capital amounts to EUR 248.8 billion.

2. Capital markets

The EIB raises the greater part of its lending resources from international capital markets, mainly through the issuing of bonds. It is one of the largest supranational lenders in the world. In order to acquire cost-efficient funding, an excellent credit rating is important. The major credit rating agencies currently attribute the highest rating to the EIB, reflecting the quality of its loan portfolio. The EIB generally finances one third of each project, but supportive financing can reach 50%.

B. Instruments

The EIB uses a wide range of different instruments, but mainly loans and guarantees. However, a number of other, more innovative instruments with a higher risk profile have also been developed. Further instruments will be designed in cooperation with other EU institutions. Financing provided by the EIB may also be combined with financing from other EU sources (inter alia, the EU budget), a process known as blending. Besides financing projects, the EIB also operates in an advisory capacity.

Lending is mainly provided in the form of direct or intermediate loans. Direct project loans are subject to certain conditions, e.g. the total investment costs must exceed EUR 25 million, and the loan can only cover up to 50% of the project costs. Intermediate loans consist of lending to local banks or other intermediaries which, in turn, support the final recipient. The majority of lending takes place in the EU.

In addition to its more traditional lending activities, the EIB also uses blending facilities to blend its loans with grants from public bodies or philanthropic organisations.

GOVERNANCE AND STRUCTURE

A. Governance

The EIB has legal personality, in accordance with Article 308 TFEU. It is directed and managed by a Board of Governors, a Board of Directors and a Management Committee. An Audit Committee audits the activities of the Bank.

The Board of Governors consists of the ministers designated by the Member States. It lays down general directives for the credit policy of the Bank and ensures its implementation. It is required, among other things;

— To decide whether to increase the subscribed capital;

— To determine the principles applicable to financing operations undertaken within the framework of the Bank's tasks;

— To take decisions in respect of the granting of finance for investment operations to be carried out, in whole or in part, outside the EU;

— And to approve the annual report of the Board of Directors, the annual balance sheet, the profit and loss account, and the Rules of Procedure of the Bank.

The Board of Directors consists of 28 directors and 31 alternate directors. The directors are appointed by the Board of Governors for five years. Each Member State nominates a director, as does the Commission. The Board of Directors takes decisions in respect of: Granting finance, in particular in the form of loans and guarantees; raising loans; fixing the interest rates on loans granted, as well as the commission and other charges. It ensures that the Bank is properly run and is managed in accordance with the provisions of the Treaties and of the Statute and with the general directives laid down by the Board of Governors.

The Management Committee consists of a President and eight Vice-Presidents, appointed for a period of six years by the Board of Governors on the proposal of the Board of Directors. Their appointments are renewable. It is responsible for the day-to-day business of the Bank, under the authority of the President and the supervision of the Board of Directors; it prepares the decisions of the Board of Directors, and ensures that these decisions are implemented.

The Audit Committee consists of six members, appointed by the Board of Governors. It checks annually that the operations of the Bank have been conducted and its books kept in a proper manner.

B. Structure

The EIB Group was established in 2000 and consists of the EIB and the EIF, which was founded in 1994 and set up as a public-private partnership with three main shareholder groups: the EIB, as majority shareholder with 62.2%, the Commission (30%), and several public and private financial institutions (7.8%). The EIF provides various forms of risk capital instruments, e.g. venture capital. The lending focus of the EIF is small and medium-sized enterprises (SMEs), and it uses a wide range of innovative instruments with the aim of improving access to finance for SMEs.

AN INVESTMENT PLAN FOR EUROPE

Since the onset of the global economic and financial crisis, the EU has been suffering from low levels of investment. The Commission communication entitled 'An Investment Plan for Europe' provided guidance on how to revive investment in the EU, create jobs and foster long-term growth and competitiveness. To this end, Regulation (EU) 2015/1017 creating the European Fund for Strategic Investments (EFSI) was adopted on 25 June 2015.

The EFSI aimed to generate private investment via the mobilisation of public money and to create an investment-friendly environment. An initial EU guarantee of EUR 16 billion

to the EIB, together with a EUR 5 billion commitment from the EIB itself, was used to mobilise private money, and by mid-2018 the EFSI had surpassed its aim of generating an additional EUR 315 billion in finance for investment in the EU.

The EFSI Regulation also established the European Investment Advisory Hub (EIAH), which aimed to provide advisory and technical assistance for the identification, preparation and development of investment projects.

The EFSI 2.0 Regulation was adopted in December 2017 and entered into force on 1 January 2018. This regulation extended the duration of the EFSI (until the end of 2020) and made further enhancements to the fund and the EIAH, with a view to mobilising EUR 500 billion of additional financing for investment.

INVESTEU

Adopted in March 2021 as the successor of the Investment Plan for Europe, InvestEU brings together the EFSI and 13 other EU financial instruments. It focuses on four main policy areas (sustainable infrastructure; research, innovation and digitisation; SMEs; social investment and skills) and aims to mobilise EUR 372 billion in additional investment between 2021 and 2027. The programme consists of the InvestEU Fund, the InvestEU Advisory Hub and the InvestEU Portal.

Member States have the option of using InvestEU to implement their recovery and resilience plans under the Recovery and Resilience Facility (RRF).

THE EU'S 'CLIMATE BANK'

In June 2019, the European Council invited the EIB to 'step up its activities in support of climate action'. The EIB responded in November 2019 with a new climate strategy and energy lending policy.

The EIB has committed to align all its financing activities with the goals of the Paris Agreement. Most notably, the EIB will increase the share of investments under its 'climate action and environmental sustainability' priority to 50% by 2025. The EIB stopped financing fossil fuel projects at the end of 2021.

The EIB's new energy lending policy, which will govern its activities in the energy sector, is based on five principles:

— Prioritising energy efficiency with a view to supporting the new EU target under the EU Energy Efficiency Directive;

— Enabling energy decarbonisation through increased support for low or zero carbon technology, with the aim of achieving a 32% renewable energy share throughout the EU by 2030;

— Increasing financing for decentralised energy production, innovative energy storage and e-mobility;

— Ensuring the grid investment that is essential for new, intermittent energy sources like wind and solar, as well as strengthening cross-border interconnections; and

— Increasing the impact of investment to support energy transformation outside the EU.

RESPONSE TO THE COVID-19 CRISIS

In 2020, as part of the EU's response to the economic consequences of the COVID-19 crisis, the EIB created a EUR 25 billion guarantee fund to enable the EIB Group to scale up its support for companies in all Member States by mobilising an additional amount of up to EUR 200 billion.

This came on top of an immediate support package of up to EUR 40 billion, which consisted of:

— Dedicated guarantee schemes for banks based on existing programmes, for immediate deployment, mobilising up to EUR 20 billion of financing;

— Dedicated liquidity lines for banks to ensure an additional EUR 10 billion of working capital support for SMEs and mid-caps; and

— Dedicated asset-backed securities purchasing programmes to allow banks to transfer risk on portfolios of SME loans, mobilising another EUR 10 billion of support.

RESPONSE TO THE RUSSIAN INVASION OF UKRAINE

EIB activities related to Ukraine date back to 2007. It operates in Ukraine in line with the European neighbourhood policy, the Eastern Partnership and other EU bilateral agreements. Since the Russian invasion of Ukraine, the EIB has stepped up its support. The funding from the instrument aims to help Ukraine fix damaged infrastructure, restart municipal services and support urgent energy-efficiency measures in preparation for the cold seasons. Furthermore, the EIB has coordinated humanitarian aid donations, prioritising emergency relief for people impacted by the conflict in Ukraine and its neighbouring countries.

ROLE OF THE EUROPEAN PARLIAMENT

In accordance with Article 308 TFEU, Parliament is consulted when the Statute of the EIB is amended. The EIB is directly accountable to the Member States. It does not have formal reporting obligations to Parliament, nor is it accountable to it. However, in a gesture of goodwill, the EIB President accepts invitations to appear in plenary and at relevant Parliament committee meetings, and the EIB is open to questions from MEPs.

Every year, the Committee on Budgetary Control (CONT) reviews the EIB's activities and presents a report in plenary, to which the EIB President is invited.

Under the existing regulation, Parliament approves the appointment of the Managing Director and the Deputy Managing Director of the EFSI. The annual appropriations from the EU budget related to the guarantee fund are authorised by Parliament and the Council as part of the annual budgetary procedure.

Parliament was involved, as a co-legislator, in the adoption of the EFSI and InvestEU initiatives.

For more information on this topic, please see the website of the Committee on Economic and Monetary Affairs.

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