



---

*Plenary sitting*

---

**A8-0161/2017**

5.4.2017

# REPORT

on the annual report on the control of the financial activities of the EIB for  
2015  
(2016/2098(INI))

Committee on Budgetary Control

Rapporteur: Nedzhmi Ali

## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT .....	18
INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE .....	22
FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE.....	23

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the annual report on the control of the financial activities of the EIB for 2015 (2016/2098(INI))

*The European Parliament,*

- having regard to the 2015 Activity Report of the European Investment Bank,
- having regard to the 2015 Financial Report and the 2015 Statistical Report of the European Investment Bank,
- having regard to the 2015 Sustainability Report, the 2015 Report on 3 Pillar Assessment for EIB operations inside the EU and the 2015 Report on Results Outside of the EU of the European Investment Bank,
- having regard to the Audit Committee annual reports for the year 2015,
- having regard to the European Investment Bank Group Annual Report on Anti-Fraud Activities 2015,
- having regard to the Report on the implementation of the EIB's Transparency Policy in 2015 and the 2015 Corporate Governance Report,
- having regard to the EIB Office of the Chief Compliance Officer Activity Report 2015,
- having regard to the EIB Group Operational Plans 2014-2016, 2015-2017, 2016-2018 and the EIF Corporate Operational Plan 2014-2016,
- 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 thereto on the Statute of the EIB and to Protocol No 28 thereto on economic, social and territorial cohesion,
- having regard to Protocol No 1 of the TFEU 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 European Investment Bank (EIB) – Annual Report 2012<sup>1</sup>, of 30 April 2015 on the European Investment Bank (EIB) – Annual Report 2013<sup>2</sup>, of 28 April 2016 on the European Investment Bank (EIB) – Annual Report 2014<sup>3</sup>,
- having regard to Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 on the EIB External Mandate 2007-2013<sup>4</sup> and to Decision

---

<sup>1</sup> Texts adopted, P7\_TA (2014)0201.

<sup>2</sup> Texts adopted, P8\_TA (2015)0183.

<sup>3</sup> Texts adopted, P8\_TA (2016)0200.

<sup>4</sup> OJ L 280, 27.10.2011, p. 1.

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<sup>1</sup>,

- having regard to Regulation (EU) No 670/2012 of the European Parliament and of the Council of 11 July 2012, amending Decision No 1639/2006/EC establishing a Competitiveness and Innovation Framework Programme (2007-2013) and Regulation (EC) No 680/2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks<sup>2</sup> (concerning the pilot phase for the Europe 2020 Project Bond Initiative),
- having regard to the Commission communication of 26 November 2014 on ‘An Investment Plan for Europe’ (COM(2014)0903),
- having regard to Regulation (EU) No 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<sup>3</sup>,
- 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 staff working document of 14 September 2016 on the extension of the duration of the European Fund for Strategic Investments (EFSI) and to 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 European Fund for Strategic Investments (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 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’,
- having regard to the Ernst & Young ad-hoc audit of 8 November 2016 of the application of Regulation (EU) 2015/1017 (‘EFSI Regulation’),

---

<sup>1</sup> OJ L 135, 8.5.2014, p. 1.

<sup>2</sup> OJ L 204, 31.7.2012, p. 1.

<sup>3</sup> OJ L 169, 1.7.2015, p. 1.

- 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 Regional Development (A8-0161/2017),
- A. 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;
  - B. whereas the EIB, as the biggest public lender in the world, operates in the international capital markets, offering competitive terms to clients and favourable conditions to support EU policies and projects;
  - C. whereas the European Investment Fund (EIF) and the European Fund for Strategic Investments (EFSI) should play a key role in complementing the EIB's interventions as the EU's specialist vehicle for venture capital and guarantees aimed primarily at supporting SMEs and European integration and economic, social and territorial cohesion;
  - D. whereas there are three different reports produced by the European Parliament on the activities of the EIB: a report on EIB financial activities (prepared by the Committee on Economic and Monetary Affairs and the Committee on Budgets), a report on the control of the financial activities of the EIB (prepared by the Committee on Budgetary Control), and a report on the implementation of EFSI (prepared by the Committee on Economic and Monetary Affairs and the Committee on Budgets);
  - E. whereas safeguards against fraud, including tax fraud and money laundering, and against the financing of terrorism risks are contained in EIB contractual provisions included in the contracts signed between the EIB Group and its counterparties; whereas the EIB shall require that its counterparties comply with all applicable legislation; whereas additional contractual provisions addressing specific transparency and integrity issues should be imposed by the EIB on the basis of due diligence results;
  - F. whereas the EIB acts as the implementing arm of the EU 2020 strategy and flagship initiatives by ensuring the use of public investment in substitution or correction of financial market gaps and by triggering new EU drivers of growth and job creation;
  - G. whereas the catalytic effect of the EIB's fundraising is a key element in defining EU added value and ensuring that Europe remains a leading player worldwide with all the attributes of a world-class economy in terms of competitiveness, innovation, infrastructure and attractiveness;
  - H. whereas the EIB's investments constitute an eco-stimulus package for making the EU far better equipped to remain a place of opportunities and to meet the challenges of globalised economic competition;

- I. whereas the Investment Plan for Europe is part of a broader strategy aimed at reversing the negative trend observed in public and private investment by mobilising new and private financial liquidity to be injected into the real economy with a view to fostering long-term strategic and sustainable investments across the Union;
- J. whereas there is currently a growing number of financial instruments designed and promoted by the EIB, from PPPs to securitisation; whereas such instruments may risk bringing about the socialisation of losses and privatisation of profits;
- K. whereas the EIB's financing of operations outside the EU primarily supports the EU's external policy objectives, while expanding the Union's visibility and values and contributing to maintaining the stability of third countries;
- L. whereas continuous attention should be focused on the development of best practices related to the EIB's performance policy and management, as well as good governance and transparency;
- M. whereas the EIB should maintain the triple-A rating as a fundamental asset of its business model and a high-quality, solid assets portfolio with sound investment projects in implementing the EFSI;
- N. whereas the EIB has not yet undertaken all necessary measures in response to the recommendations and calls of Parliament in its resolutions on the EIB Annual Reports from previous years;

#### ***Enhancing the sustainability of the EIB's investment policy***

1. Notes that EUR 77.5 billion of operations were signed in 2015 (compared with EUR 77 billion in 2014), out of which EUR 69.7 billion went to EU Member States and EUR 7.8 billion went outside the EU;
2. Welcomes the EIB's annual reports for 2015 and its achievements presented therein, and the efforts achieved for a better presentation and reporting the EIB's contribution (or additionality) and results;
3. Recalls Parliament's request to present a more comprehensive and harmonised annual report for a better qualitative overview and evaluation of the EIB's overall activities and lending priorities; insists that the EIB further refines and provides information on the concrete and achieved economic, social and environmental impact, and added value, of its operations in the Member States and outside the EU;
4. Emphasises that all EIB-financed activities must be part of and steadily consistent with the EU's general strategy and political priority areas as defined in the Europe 2020 strategy, the Growth and Employment Facility and the Compact for Growth and Jobs, while applying the economic, social, financial efficiency and environmental impact criteria to project selection, in order to ensure the consistent implementation of EU policy;
5. Emphasises the need to present concrete and concise results on how the EIB's external investments have contributed to the achievement of the EU's priorities and the development of capacity-building in the regions;

6. Strongly encourages the EIB to continue its efforts to overcome investment, market and sectoral gaps and to invest in projects and operations which have real added value for achieving greater EU economic, social and territorial cohesion, a stronger investment environment, higher employment and the return of sustainable growth across the EU;
7. Recalls that supporting economic recovery, sustainable growth and stronger cohesion is an overarching objective and that the EIB should better anticipate structural challenges, notably those related to Europe's re-industrialisation and the knowledge-based and digital economy, in order to generate new economic opportunities, innovation, the development of a circular economy and better use of renewables in line with the goals of environmental, climate and energy policies; stresses that the process of reindustrialisation must be undertaken while taking into account the need to create high-quality jobs on the one hand and the various situations that characterise the European economy on the other, but in any event with due regard for the environment and the health of workers and members of the public;
8. Is of the opinion that the EIB should systematically pay attention to mid- and long-term economic, social and environmental effects when defining investment actions and its funding decisions, particularly with regard to cross-border aspects; considers it necessary for the EIB to invest in both large- and small-scale sustainable projects of systemic importance in the long term that create added value at regional and EU level;
9. Emphasises that the soundness of funded projects should by definition be assessed not only in terms of economic relevance but also with an equally strong focus on environmental and social sustainability, as well as on the political, cross-border and regional importance of such projects; recalls that prioritisation within the EIB's lending activities on projects with clear and sustainable deliverables and impact on growth and employment must remain the core guiding principle;
10. Acknowledges that the EIB is a core actor needed to revitalise the EU economy, boost employment, drive up growth figures in the Member States and maximise the effectiveness and value for money of available financial resources by using revolving instruments, namely through a multiplier effect of guarantee funds and leveraging;
11. Believes there is a need to secure a resilient, sustainable and stable EU funding strategy to speed up economic recovery, boost employment and help certain economic sectors and less-developed regions catch up; recalls the need to focus on productive investment that makes a difference, especially in the long term, and to bolster the primary sector, research, infrastructures and employment; believes that projects should be chosen on the basis of their own merits, their potential to generate added value for the EU as a whole, and effective additionality, possibly with a higher risk profile;
12. Reiterates, in this respect, that more information should be made public on the precise nature of individual projects funded directly or indirectly through the EIB's lending activities, and, in particular, on their added value and expected economic impact on each Member State;
13. Reiterates Parliament's concern about 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 73 % of the EIB's total lending for 2015 (EUR 51 billion) is concentrated in six Member States, which shows that not all Member States or regions are able to benefit equally from investment opportunities;

14. Supports EIB initiatives to provide joint technical assistance on the ground to the managing authorities and financial intermediaries, including targeted fi-compass training;
15. Invites the EIB to step up its communication policy towards potential stakeholders and private investors on the available funding sources and instruments, and towards citizens on the results achieved;
16. Calls on the EIB and the Commission to step up the dissemination of their financing possibilities, as well as their support and advice, to increase funding for projects of local and regional authorities and SMEs, and to simplify the access to EIB finance and blending grants with loans and financial instruments; calls on the Commission to support the drawing-up of training programmes for potential beneficiaries by giving managing authorities a more substantial role in providing information, guidance and advice for final beneficiaries;
17. Considers it fundamental that the EIB keep its triple-A rating in order to preserve its access to international capital markets under the best borrowing conditions and to pass on the benefits in its investment strategy and lending conditions; calls on the EIB to develop its risk culture in order to improve its effectiveness and the complementarity and synergies between its interventions and various EU policies;
18. Is deeply concerned about the generally higher costs and fees for EIB/EIF-managed funds implementing financial instruments under shared management, which have been revealed by the European Court of Auditors' (ECA) findings in its Special report 19/2016 on 'Implementing the EU budget through financial instruments – lessons to be learnt from the 2007-2013 programme period' and encourages the ECA to conduct a similar audit for the current period;

#### ***Monitoring the EIB's impact in the implementation of key public policy areas***

19. Notes the report on the results and impact of the EIB operations inside the EU in 2015 based on the three-pillar assessment methodology with a view to assessing expected results, monitoring current results and measuring the impact of the four key public policy goals (PPGs), namely Innovation and skills (22.7 % of EIB signatures in 2015, amounting to EUR 15.8 billion), Finance for SMEs and mid-caps (28.5 % of signatures, or EUR 19.8 billion), Infrastructure (24.5 %, or EUR 17.1 billion) and Environment (24.3 %, or EUR 16.9 billion); notes that a selection of outputs and outcomes for the new operations signed are included to illustrate expected results, but that there is no information included in this report about monitored current results, nor on the impact achieved;
20. Regrets that there is no information provided in the 2015 Annual Report on the EIB operations inside the EU about expected and achieved results from the Bank operations with regard to its two cross-cutting policy objectives, namely climate action and cohesion; is concerned that in 2015 the EIB did not reach the envisaged level of 30 % investments for cohesion (25.2 % achieved inside the EU) and that the forecasted implementation for 2016 (27 %) is also below the target of 30%; strongly invites the EIB to reinstate



economic, social and territorial cohesion as a primary public policy goal and to start explicit reporting on its implementation;

21. Regrets as well as that the updating of the three-pillar methodology to align it with the requirements of the EFSI Regulation has not led to harmonisation of the EIB reporting for operations inside the EU with the reporting of operations outside the EU and to the inclusion of analytical and comprehensive information about achieved concrete results inside the EU; requests more information to be disclosed at project level by giving public access to 3 Pillars Assessment (3PA) and Results Measurement Framework (REM) project evaluation and assessment sheets;
22. Highlights that an ambitious investment strategy must be coupled with clear monitoring and reporting instruments that guarantee performance management;
23. Calls on the EIB to continuously put an emphasis on its performance scrutiny via performance assessments and proven impact; encourages the EIB to continue to define its monitoring indicators, more specifically indicators of additionality, with a view to assessing the impact as early as possible in the project generation phase, and providing the Board with sufficient information on the expected impact, in particular with regard to the contribution to EU policies;
24. Acknowledges the complexity of monitoring a growing portfolio and various projects pipeline and subsequently the overall management of indicators; encourages the EIB to apply greater efforts to ensure proper monitoring;
25. Encourages the EIB to be more pro-active towards Member States in order to provide capacity-building and advisory services directly to the beneficiaries for the preparation of large-scale investment projects through better cooperation with relevant national or decentralised authorities or national promotional banks;

### ***Funding schemes for SMEs***

26. Recalls that the EIB has worldwide responsibilities in ensuring the EU's attractiveness on the world stage by promoting a conducive investment climate for business and enterprises;
27. Acknowledges the central role that SMEs and mid-caps play in boosting employment and the growth of the economy of the EU and individual Member States; supports the EIB's efforts to intensify its support to all kinds of SMEs (starting capital, start-ups, micro-medium sized businesses, business clusters), with a focus on new business models with high-potential job opportunities for young people; calls on the EIB, in this context, to make the necessary efforts to ensure full implementation of the SME Initiative programme;
28. Takes note that the EIB's support to SMEs accounted for approximately 36.6 % of its funding in 2015, triggering a leverage effect of EUR 39.7 billion for SME finance and supporting 5 million jobs;
29. Welcomes the EIF efforts to make the SME Initiative work currently in six countries (Spain, Italy, Bulgaria, Finland, Romania and Malta), which are expected to benefit from about EUR 8.5 billion of new SME loans on favourable terms; calls on the Member States

to implement the SME Initiative on a wider scale, bearing in mind its capacity to reduce the risk for financial intermediaries; appreciates therefore the proposal of the Commission to prolong the SME Initiative until 2020; stresses, however, that the SME Initiative should play a bigger role, as the financing of SMEs is vital for promoting growth and jobs in the EU, especially in the period after the economic and financial crisis; calls on the EIB to monitor and enhance the use of the instrument of securitisation; asks, furthermore, for improvements to the EIB's communication policy and the administrative conditions of the SME Initiative; calls on the EIF to publish a report detailing the programme's successes and failures;

30. Welcomes the launch of new instruments, agreed between the EIB and the Commission, such as the Private Finance for Energy Efficiency (PF4EE) instrument, the SME initiative and the Employment and Social Innovation (EaSI) financial instruments, which are expected to contribute to the achievement of the Europe 2020 strategy goals; notes the EIF's activities, in particular the COSME (Competitiveness of Enterprises and SMEs) financial instruments and Innovfin, which benefited from the EFSI in 2015 by doubling the amount of loans it guarantees;
31. Invites the EIB to increase its intervention risk profile, especially when supporting SMEs which are taking risks or evolving in economically disadvantaged regions or regions which lack stability; believes also that the SME sector and access to financing is a recurrent and longstanding objective to be pursued and further enhanced;

#### *Innovation*

32. Supports all the incentives for market-driven innovation, social development and environmental protection, thereby maintaining sustainable growth and a careful use of resources; supports incentives which help the EU's ambition to become a circular, knowledge-based and digital economy and maintain the EU's competitiveness;
33. Notes that the EIB already finances investments in R&D by EU security companies where civilian and dual-use technologies are concerned; is of the opinion that, as regards dual-use technologies, the EIB should primarily support those investments that are motivated by their commercialisation in civilian applications – examples of EIB projects of this type already included R&D investments in aircraft and space supplies, radar systems, cybersecurity and cloud security, microelectronics and vaccines;
34. Notes that loans to innovative projects in 2015 amounted to a record level of EUR 18.7 billion and welcomes the greater emphasis being placed by the EIB on investment in innovation;
35. Notes that, through continuing its support for civilian and dual-use technologies, the EIB could increase its support to the EU security sector within its established legal framework; this includes operations benefiting from the EFSI;

#### *Infrastructure*

36. Invites the EIB to continue supporting infrastructure agenda based on efficient projects of common interest in the transport and energy sectors with their own resources and by implementing the Debt Financial Instruments under the Connected Europe Facility, while

considering their compatibility with environmental and climate policy objectives and regional development; calls on the EIB to develop new financial instruments for the building of infrastructure and works under the terms of macro-regional strategies;

37. Welcomes the level of financing of the objectives of economic and social cohesion (EUR 17 634 billion) and rural and urban regeneration (EUR 5 467 billion), and recommends that it be maintained; regards that funding as an essential complement to cohesion policy and the European Structural and Investment Funds (ESI Funds); emphasises the importance of maintaining a regular dialogue with the managing authorities to establish synergies and complementarity between both instruments;
38. Calls on the EIB, Commission and national, regional and local authorities together with National Promotional Banks and Institutions (NPBIs) to strengthen their cooperation in order to create more synergies between the ESI Funds and EIB financing instruments and loans as well as to reduce the administrative burdens, simplify procedures, increase the administrative capacity, boost territorial development and cohesion and improve understanding of ESI Funds and EIB financing; considers that little information is available with regard to the blending activities of the EIB in Cohesion Policy projects and programmes; requests the EIB to honour its role as a public institution and to pursue the highest ambition in relation to accountability, transparency and visibility to avoid ambiguity; calls on the EIB to develop a communication policy regarding its activities, including its advisory activities, so that all forms of government and all beneficiaries can have access to its programmes;
39. Underlines that the increased use of financial instruments in cohesion policy requires stronger involvement of the European Parliament in scrutinising the EIB's activities also to allow for better assessing the implications and consequences of the EIB's role;
40. Requests the Member States to make full use of their allocation of ESI Funds and additionality, thus complementing EIB loans and financial instruments; asks, moreover, for more and better blending of grants with EIB financing to better exploit the leverage effect of ESI Funds; asks that the EIB spearheads this process as it has the expertise and a responsibility to shareholders that will help it deliver a return on its investments;
41. Calls on the EIB to increase its financing of economic and social cohesion as well as of the urban objectives, while continuing to support traditional and innovative sectors in the EU; calls, moreover, for the development of special financial instruments to support the implementation of macroregional action plans and strategies, in cooperation with the Member States;

### ***Environment and climate investment***

42. Encourages the EIB to focus its climate action on the sustainability of cross-sector projects in the context of the COP21 targets and to support the expansion of renewable energies and resource efficiency; notes that financing for renewables reached EUR 3.4 billion;
43. Calls on the EIB to re-assess the attention that it specifically devotes to gas infrastructure projects, especially as gas demand in Europe is declining while new large-scale plans to build new pipelines and LNG terminals are emerging; expresses concern that the EIB

investments in gas infrastructure could lead to investments in stranded assets;

44. Believes it necessary to continue the development of a market for sustainable green projects, promoting above all the creation of a circular economy, in particular via a green bond market;

#### ***EIB's contribution to the management of global issues***

45. Notes the increase of the external mandate from EUR 10 to 27 billion, with an additional optional amount of EUR 3 billion; recalls the need to constantly maintain the coherence of this mandate with the objectives of the EU's external policy, particularly with regard to respect for civil rights in the countries receiving financing; reiterates Parliament's request to the ECA to prepare a special report on the alignment with EU policies of EIB external lending interventions and their performance;
46. Welcomes the EIB's rapid adaptation capacity to international challenges; calls on the EIB to continue its support to EU external policies and emergency response related to the global challenge of migration by including the development aspect and by promoting economic resilience;

#### ***Monitoring of the EFSI's added value and additionality***

47. Notes that the EFSI aims at leveraging through the EIB a total of EUR 315 billion in extra investment and new projects in the real economy by 2018; observes that 97 infrastructure and innovation projects and 192 SME financing agreements have been approved, representing a total expected investment of EUR 115.7 billion;
48. Recognises that the implementation of the EFSI has rapidly changed the profile and business model of the EIB in terms of processes and monitoring of signatures and contracts;
49. Notes that in order to make full use of the additional risk bearing capacity, the EIB Group is developing various new products that will allow for higher risk taking (e.g. subordinated debt, equity-type, risk sharing with banks), and has reviewed its credit risk policy and eligibilities to allow for increased flexibility; notes that the EIB is increasing its support to innovative companies or to infrastructure projects, as with the support of the EFSI; notes that the EIB can support a larger number of these risky projects without compromising the principles of sound management;
50. Recalls that the objective of the EFSI is to identify distinct, truly innovative and riskier project profiles with new counterparts from the private sector compared with other existing EIB financing instruments, while achieving significant cross-border European added value in the implementation of the selected projects and an effective contribution to the existing EU common policy objectives;
51. Recognises that the EFSI is a market-based instrument; recalls, however, that all Member States must develop adequate capacity to use it;
52. Notes that the widest possible geographical spread should be considered in the implementation of the EFSI pipeline for the benefit of cohesion and sustainability

objectives; asks the EIB to correct the current geographical imbalances within the Union and sectoral concentration of the EFSI's portfolio, namely under the Infrastructure and Innovation Window (IIW) and the Small and Medium-sized Enterprises Window (SMEW), by enhancing its advisory activities for projects development in Member States and technical assistance through the European Investment Advisory Hub (EIAH), by considering expanding the number of sectors eligible for EFSI funding or by better adapting the type and size of the projects to the market needs in Member States;

53. Calls on the EIB to carefully consider in the selection process real additionality and new dynamics along the magnitude of the multiplier effect, which might vary among the projects, in particular in fields where the EIB or the EIF were not already engaged, in cases of market failure or in sub-optimal investment situations;
54. Notes that leveraging varies among projects mainly due to their scale, complexity and the correlation between important sectoral challenges and final beneficiaries' expectations in a context of scarcity of public funds; is of the opinion that the assumption of an average leverage effect of x15 can only be measured at the end of the investment cycle while taking account of the sectors' particularities; considers also that the effectiveness of interventions is not assessed only on the potential of financial instruments but also on measurable results;
55. Calls on the EIB to pay particular attention to the principle of additionality and to provide relevant qualitative management information on the implementation of the EFSI stated objectives, showing their effective additionality and impact compared with benchmarks, but also in view of the extension of the EFSI beyond 2017;
56. Considers it important for the mobilisation of private-sector capital that the EIB relieve investors of some of the risks incurred by potential projects; also invites the EIB to enhance both the EFSI's attractiveness and its visibility in the investment guidelines and projects to be funded by further developing a more effective policy for raising awareness among potential private investors;
57. Notes that the EFSI (through the SMEW) is an important tool for providing supplementary funding to SMEs, i.e. up to EUR 75 billion of the total investment catalysed by the EFSI over three years, along with the EIB and EIF lending capacities;
58. Calls on the Commission to establish a permanent European Guarantee Platform under the EFSI to ease SME access to finance, and to improve the development of guarantees and lending products based on European guarantees;
59. Calls on the EIB to use the opportunity presented by the EFSI to increase financing for smaller-scale, off-grid decentralised renewable energy projects involving citizens and communities which face difficulties in obtaining finance from other sources;
60. Takes note also of the increase of the EIB's special activities in terms of volume resulting from the first year of EFSI implementation, which reflects an evolution of the EIB's prudent risk culture and lending policy;
61. Insists, for accountability purposes, on the development of result-driven investments to be regularly assessed through the scoreboard of indicators by the Investment Committee,

with a view to identifying well-targeted projects in terms of their contribution to growth and jobs and to having an objective overview of their additionality, added value and consistency with Union policies or other classical EIB operations; calls on the EIB to disclose information on how projects receiving the EFSI guarantee scored when measured against the EFSI Scoreboard of Indicators;

62. Notes that, in the future, the EIB remains open to discussing with Parliament's services the further arrangements which could be envisaged to have a more structured, less fragmented approach for the Parliament-EIB dialogue; the EIB and Parliament are currently working towards a swift conclusion of the formal agreement on the EFSI, which sets provisions for all information exchange under it – including the Annual Report on the EFSI to the Council and Parliament;

***Deepening the EIB's transparency, accountability, integrity and internal control as a prerequisite for better corporate governance***

63. Believes that the enhanced economic role of the EIB, its increased investment capacity and the use of the EU budget to guarantee the EIB's operations must be accompanied by greater transparency and deepened accountability so as to ensure genuine public scrutiny of its activities, project selection and funding priorities;
64. Invites the EIB to regularly update its risk-mapping of activities and to adapt its risk culture with regard to its recent business model and increasing volume of its portfolio related to the implementation of new instruments with the EFSI, various facilities, investment platforms and risk-sharing instruments; invites the EIB also in that context to include in its risk-mapping non-financial dimensions such as social and/or environmental added-value; welcomes, in that context, the implementation of the EIB's prudential risk appetite framework in order to reinforce the monitoring of risks and oversight of the origin, ownership and management of risks; recalls the need to develop a single and homogeneous control framework;
65. Welcomes the high quality of the EIB's loan portfolio, with a level of impaired loans representing 0.3 % of the EIB's total loan portfolio, confirming the EIB's consistently prudent risk management policies and maintaining its strong credit standing on international financial markets;
66. Welcomes the fact that the EIB's transparency policy is based on a presumption of disclosure and that everyone can access EIB documents and information; recalls its recommendation for publication on the EIB website of non-confidential documents, such as Corporate Operational Plans for previous years, interinstitutional agreements and memorandums and calls on the EIB to not stop there, but to continue constantly looking for ways to improve and raising the bar;
67. Welcomes the report on the implementation of the EIB Group Transparency policy for 2015 and the upcoming review of the EIB whistleblowing policy;
68. Recalls that transparency in the implementation of EU policies not only leads to strengthening the EIB's overall corporate accountability and credibility, with a clear overview of the type of financial intermediaries and final beneficiaries, but also contributes to enhancing the effectiveness and sustainability of the funded projects

alongside a zero-tolerance approach to fraud and corruption in its loan portfolio; calls on the EIB to align itself with the new rapid alert and exclusion system planned by the Commission;

69. Notes with concern that the EIB, despite awarding three times as much financing as the World Bank, has blacklisted only three entities, whereas the World Bank has blacklisted 820; calls on the EIB, in order to remedy this situation, to join forces with the network of other public banks dealing with blacklisting, a network which includes the World Bank and the European Bank for Reconstruction and Development (EBRD);
70. Reiterates its call to increase the transparency of the EIB's interventions when operating with financial intermediaries and beneficiaries in order to avoid counterparts with negative records, blacklisted counterparts and counterparts with potential links with NCJs, offshore activities or organised crime; considers that using criteria for selecting financial intermediaries and having updated information on beneficial ownership of the company, including trusts, foundations and tax havens, are best practices to be permanently followed; invites the EIB to further reinforce its contractual conditions by integrating a clause or a reference to good governance in order to mitigate the integrity and reputation risks;
71. Suggests that, the EIB should follow the example set by the International Finance Corporation (IFC) of the World Bank group and start disclosing information about the high-risk sub-projects it finances via commercial banks (the main intermediaries/financial vehicles used by the EIB to fund SMEs);
72. Welcomes the regular meetings with civil society and public consultations on the development of the EIB's policies;
73. Calls for an increasingly high level of transparency to be ensured in the EIB's disclosure policy as regards its governance bodies, in particular through the disclosure of the minutes of the meetings of the EIB's and EIF's Board of Directors or the EFSI Investment Committee and as regards projects of public interest benefiting from the EU budget guarantee and impacting EU territories and citizens; considers the disclosure of the scoreboard of indicators to be good practice for any operation and for the environmental and social impact assessments at the level of projects or subprojects;
74. Reiterates its request for information on the contracting and subcontracting system to be made public and easily accessible, and for Parliament to be guaranteed access to the associated financial information and documentation in all cases;
75. Welcomes the pro-active approach taken by the European Ombudsman in exerting public scrutiny over the EIB; is strongly concerned with the identified shortcomings in the existing EIB 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 doors issues to take into consideration the Ombudsman's recommendations and to revise its Code of Conduct as soon as possible;
76. Considers that the Vice-Presidents of the EIB should no longer be in charge of projects in their home countries, given the clear potential for conflicts of interest and the fact that only a minority of Member States have their own Vice-President;

77. Welcomes the review of the rules of the Complaints Mechanism Office (CM Office), and the renewal of the Memorandum of Understanding between the European Ombudsman and the EIB; requests clarification from the EIB on the delay to the launch of a public consultation on the revision of the policies and procedures of its complaints mechanism; notes that such a revision process offers the opportunity to further improve the independence and efficiency of the complaints mechanism, with a view to also establishing a mechanism for a systematic flow of information directly between the CM Office and the directors; stresses that the EIB management should report annually to the Ombudsman and Parliament on how the recommendations of its complaints mechanisms have been reflected in the policies and practices of the bank; stresses, in addition, that the head of the CM Office should present its activity report and its assessment of how the bank is fulfilling the CM Office recommendations to Parliament once a year;
78. Asks the EIB to do its utmost in its fight against tax evasion, tax fraud and avoidance, irregular activities and money laundering through its non-transparent and uncooperative jurisdictions (NCJ) policy and the Anti-Money Laundering and Combating the Financing of Terrorism Framework (AML-CFT);
79. Invites the EIB also to maintain regular cooperation with other international financial institutions through the exchange of information on the results of its corporate or tax due diligence or 'Know Your Customer' review and to report annually to Parliament and the public on how it implements its NCJ policy;
80. Considers that the EIB's external prudential supervision merits careful consideration, as stated by Parliament in its previous resolutions;
81. Notes the conclusion of the updated Tripartite Agreement between the EIB, the Commission and the ECA in September 2016 and calls on the ECA to conduct performance audits of the EIB operations in different sectors when they are related to the use of the EU budget resources with regard to their effectiveness and efficiency;
82. Calls on the Commission to present annually by June every year starting from 2018 a report on implementation from the beginning of the current MFF and state of play, including results achieved, of all financial instruments managed and implemented by the EIB Group which operate with resources from the EU budget, in order to use it in the discharge procedure;
83. Calls on the European Anti-Fraud Office (OLAF) to include information in its annual report about cases related to the EIB;

#### ***Follow-up of Parliament's recommendations***

84. Calls on the EIB to report on the state of play and status of previous recommendations issued by Parliament in its annual resolutions, especially as regards the impact of its lending activities;
85. Calls on the EIB to revise its Policy on preventing and deterring prohibited conduct in EIB activities, which should set in stone the necessity for the EIB to stop financing and/or approving further loan disbursements to projects under ongoing national or OLAF investigation for corruption and fraud;



o

o o

86. 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.

7.2.2017

## **OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT**

for the Committee on Budgetary Control

on Annual report on the control of the financial activities of the EIB for 2015  
(2016/2098(INI))

Rapporteur: Ivan Jakovčić

### **SUGGESTIONS**

The Committee on Regional Development calls on the Committee on Budgetary Control, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Takes note of the signature by the EIB in 2015 of EUR 77.5 billion (of which EUR 69.7 billion within and EUR 7.8 billion outside the Union) in new operations in the areas of innovation, SMEs, infrastructure and environment, as well as support for refugee housing and investment in regions affected by the refugee crisis; also takes note that, in 2015, EFSI financed 126 projects amounting to EUR 7.5 billion and mobilising EUR 50 billion of investments;
2. Acknowledges the important role played by EIB funding at a time of serious economic and financial crisis, which is having a serious impact on traditional credit systems;
3. Asks the EIB and the Commission to provide more technical assistance to continue supporting administrative capacity and project management in order to simplify access to funding and to facilitate the implementation of investment in the different areas of the European Union; acknowledging the importance of those Member States that are major EIB shareholders, it also calls for assistance to those Member States which have a low share of EIB financing, in particular in the fields of advisory and analytical services, project management and capacity building activities, in order to ensure a geographically balanced allocation of financing so as to prevent the gap between regions from widening, while maintaining a merit-based assessment of applications;
4. Welcomes the level of financing of the objectives of economic and social cohesion (EUR 17 634 billion) and rural and urban regeneration (EUR 5 467 billion), and recommends that it be maintained; regards that funding as an essential complement to cohesion policy and the European Structural and Investment Funds (ESI Funds); emphasises the importance of maintaining a regular dialogue with the managing

authorities to establish synergies and complementarity between both instruments;

5. Recognises that the quality of the loan portfolio remains high thanks to the prudent risk management policies pursued; asks the EIB, however, to increase its risk appetite, thus ensuring a wider and more effective economic impact, while maintaining a high loan portfolio level, including by means of arrangements for closer coordination with national bodies that underwrite preferential loans for investment programmes that are in line with the development objectives promoted by the EIB; points out that financial instruments, including loans, must not be allowed to replace grants;
6. Calls on the EIB, Commission and national, regional and local authorities together with National Promotional Banks and Institutions (NPBIs) to strengthen their cooperation in order to create more synergies between the ESI Funds and EIB financing instruments and loans as well as to reduce the administrative burdens, simplify procedures, increase the administrative capacity, boost territorial development and cohesion and improve understanding of ESI Funds and EIB financing; considers that little information is available with regard to the blending activities of the EIB in Cohesion Policy projects and programmes; requests the EIB to honour its role as a public institution and to pursue the highest ambition in relation to accountability, transparency and visibility to avoid ambiguity; calls on the EIB to develop a communication policy regarding its activities, including its advisory activities, so that all forms of government and all beneficiaries can have access to its programmes;
7. Underlines that the increased use of financial instruments in cohesion policy requires stronger involvement of the European Parliament in scrutinising the EIB's activities also to allow for better assessing the implications and consequences of the EIB's role;
8. Welcomes the EIF efforts to make the SME Initiative work currently in six countries (Spain, Italy, Bulgaria, Finland, Romania and Malta), which are expected to benefit from about EUR 8.5 billion of new SME loans on favourable terms; calls on the Member States to implement the SME Initiative on a wider scale, bearing in mind its capacity to reduce the risk for financial intermediaries; appreciates therefore the proposal of the Commission to prolong the SME Initiative until 2020; stresses, however, that the SME Initiative should play a bigger role, as the financing of SMEs is vital for promoting growth and jobs in the EU, especially in the period after the economic and financial crisis; calls on the EIB to monitor and enhance the use of the instrument of securitisation; asks, furthermore, for improvements to the EIB's communication policy and the administrative conditions of the SME Initiative; calls on the EIF to publish a report detailing the programme's successes and failures;
9. Requests the Member States to make full use of their allocation of ESI Funds and additionality, thus complementing EIB loans and financial instruments; asks, moreover, for more and better blending of grants with EIB financing to better exploit the leverage effect of ESI Funds; asks that the EIB spearheads this process as it has the expertise and a responsibility to shareholders that will help it deliver a return on its investments;
10. Calls on the Commission to establish a permanent European Guarantee Platform under EFSI to ease SME access to finance, and to improve the development of guarantees and lending products based on European guarantees;

11. Calls on the EIB to increase its financing of economic and social cohesion as well as of the urban objectives, while continuing to support traditional and innovative sectors in the EU; calls, moreover, for the development of special financial instruments to support the implementation of macroregional action plans and strategies, in cooperation with the Member States;
12. Calls on the EIB and the Commission to step up the dissemination of their financing possibilities, as well as their support and advice, to increase funding for projects of local and regional authorities and SMEs, and to simplify the access to EIB finance and blending grants with loans and financial instruments; calls on the Commission to support the drawing-up of training programmes for potential beneficiaries by giving managing authorities a more substantial role in providing information, guidance and advice for final beneficiaries;
13. Regrets that the number of impaired loan contracts increased between 2014 and 2015, with total exposure rising by EUR 455 million to EUR 1.41 billion; calls on the Commission to review its risk management and project due diligence procedures to ensure that they are effectively tackling this escalating problem and to provide an update to the European Parliament on progress in 2017.

## RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	6.2.2017
<b>Result of final vote</b>	+: 23 -: 1 0: 4
<b>Members present for the final vote</b>	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Rosa D'Amato, Michela Giuffrida, Krzysztof Hetman, Constanze Krehl, Jens Nilsson, Andrey Novakov, Younous Omarjee, Mirosław Piotrowski, Stanislav Polčák, Terry Reintke, Liliana Rodrigues, Monika Smolková, Maria Spyrali, Ramón Luis Valcárcel Siso, Matthijs van Miltenburg, Lambert van Nistelrooij, Joachim Zeller
<b>Substitutes present for the final vote</b>	Petras Auštrevičius, Andor Deli, Maurice Ponga, Bronis Ropė, Branislav Škripek, Hannu Takkula, Julie Ward
<b>Substitutes under Rule 200(2) present for the final vote</b>	Sofia Ribeiro

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	27.3.2017
<b>Result of final vote</b>	+: 16 -: 1 0: 0
<b>Members present for the final vote</b>	Nedzhmi Ali, Martina Dlabajová, Ingeborg Gräßle, Cătălin Sorin Ivan, Gilles Pargneaux, Georgi Pirinski, José Ignacio Salafranca Sánchez-Neyra, Claudia Schmidt, Bart Staes, Marco Valli, Joachim Zeller
<b>Substitutes present for the final vote</b>	Benedek Jávor, Marian-Jean Marinescu, Julia Pitera
<b>Substitutes under Rule 200(2) present for the final vote</b>	Arndt Kohn, Barbara Kudrycka, Lieve Wierinck

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

16	+
ALDE	Nedzhmi Ali, Martina Dlabajová, Lieve Wierinck
PPE	Ingeborg Gräßle, Barbara Kudrycka, Marian-Jean Marinescu, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Claudia Schmidt, Joachim Zeller
S&D	Cătălin Sorin Ivan, Arndt Kohn, Gilles Pargneaux, Georgi Pirinski
Greens	Benedek Jávor, Bart Staes

1	-
EFDD	Marco Valli

0	0

**Key to symbols:**

+ : in favour

- : against

0 : abstention