



2022/2062(INI)

27.4.2023

OPINION

of the Committee on Budgets

for the Committee on Economic and Monetary Affairs

on the financial activities of the European Investment Bank – annual report
2022
(2022/2062(INI))

Rapporteur for opinion (*): David Cormand

(*) Associated committee – Rule 57 of the Rules of Procedure

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SUGGESTIONS

The Committee on Budgets calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Highlights the fundamental role of the European Investment Bank (EIB) as the EU's public bank and the only international financial institution that is entirely owned by the Member States and fully guided by EU policies and standards in supporting the social and economic recovery and targeting investments for attaining the EU's objectives; notes that the EIB Group signed financing agreements totalling EUR 72.5 billion in 2022;
2. Stresses that the EIB must maintain its high 'AAA' credit rating and retain the full confidence of the capital markets in all its activities given its growing role in implementing Union policies within and outside the Union; reiterates its call for a capital increase to enable more long-term repayable financial support and innovative instruments; notes that this is necessary for supporting key real economy investments that would not be made otherwise and that have the potential to maximise innovation gains in key EU policy areas such as digitalisation and the green transformation, for helping mitigate high energy prices, skills gaps and insufficient investments in innovation and new technologies and for helping implement the European Pillar of Social Rights and the UN Sustainable Development Goals; expects the EIB to refrain from investments that could deter investors and increase its overall financing costs;
3. Welcomes the establishment of the EU for Ukraine initiative and the financial assistance packages granted to Ukraine for a total of EUR 1.7 billion; notes that the EIB's engagement in Ukraine complements financing provided from the EU budget under the macro-financial assistance programme and the new macro-financial assistance plus instrument; believes that Russia's continued war of aggression against Ukraine requires an increase in EIB lending in Ukraine to aid recovery and reconstruction in line with the Council conclusions of 15 December 2022, possibly with the support of additional guarantees under the Neighbourhood, Development and International Cooperation Instrument; highlights that additional support to Ukraine should not come at the expense of other EIB programmes or EU budgetary support to other regions and countries; emphasises that EIB finance is often linked to concrete projects with a high socio-economic impact and to channelling EU technical expertise to these projects and enabling greater leveraging of funds from the EU budget;
4. Takes note of the fact that the EIB assessed Ukraine's needs at EUR 420 billion in the report entitled 'Ukraine: rapid damages and needs assessment', produced in cooperation with the World Bank; calls for continued thorough analysis of the financial needs for Ukraine's reconstruction and recovery; expects a continuous, coordinated approach to be taken with all the relevant partners in order to support Ukraine's long-term reconstruction; stresses that such an approach must contribute to the EU's core policy objectives, including by supporting projects focused on building energy-efficient buildings, ensuring sustainable forest management and substantially furthering the

demining effort; expects the EIB's contribution to be based on a 'build back better' approach, drawing on its expertise, in particular with the European Local Energy Assistance facility; calls for a focus on building back better infrastructure, including energy, water, telecommunication, agriculture and transport infrastructure, and on mitigating the war's impact on the environment; reminds the EIB of the special importance of carrying out social and environmental impact assessments for projects and making the results available to the public, in particular where the projects may cause further damage and destruction to ecosystems; calls for Ukrainian civil society to be heavily involved in this regard and, in particular, for civil society representatives to be included in the Steering Committee for the Multi-agency Donor Coordination Platform; takes note of the specific measures already taken in Ukraine to ensure that funds are used in a way that complies with all the applicable rules and expects the same standards to be upheld in future lending activities, particularly as the financial flows are expected to increase considerably; calls for the possibility of using a war insurance mechanism to be explored;

5. Welcomes the EIB's contribution to supporting the REPowerEU plan with an additional EUR 30 billion in loans and equity financing for projects in the area of renewables, energy efficiency, grids and storage, electric-vehicle charging infrastructure, and breakthrough technologies over the next five years;
6. Considers InvestEU to be an important investment tool that brings much-needed investment to key areas;
7. Stresses the importance of avoiding further geographical imbalances in the EIB's lending activities so as to ensure a broader geographical and sectoral allocation of investments, reduce regional disparities and enhance economic and social convergence; calls on the EIB to address systemic shortcomings that prevent certain regions or countries from taking full advantage of its financial activities; invites the EIB to assess, in particular, whether the geographical distribution of financing under InvestEU is balanced;
8. Stresses the important role of the European Investment Fund in improving access to finance for European smaller companies, mid-caps and start-ups, thereby enhancing support for entrepreneurship, growth, innovation, research and development and employment in the Union; points out that a stable energy supply is one of the foundations of a successful industrial policy, in particular for small and medium-sized enterprises (SMEs); calls on the EIB to provide additional growth capital to enable SMEs to scale up their operations;
9. Welcomes the fact that 58 % of all new EIB loans granted in 2022 will finance climate and environmental sustainability, accounting for EUR 36.5 billion in investments in 2022, plus a record issuance of EUR 19.9 billion in green bonds or sustainability bonds; welcomes the fact that the EIB's clean energy financing reached a record EUR 19.4 billion in 2022; welcomes, furthermore, the decision to boost the volume of energy lending and make loans more attractive;
10. Calls on the EIB to develop a method of assessing the green funding gap in the EU, to estimate the size of this gap and to identify potential public and private funding sources;

11. Looks forward to the review of the Climate Bank Roadmap ahead of COP28; expects it to bring the EIB into full alignment with the 1.5-degree pathway and expects the EIB's actions to be consistent with the aim of achieving climate neutrality by 2050 at the latest; reiterates its call for the review to include a solid assessment of less carbon-intensive alternatives and 'Scope 3' emissions for each project; recalls that the cut-off date for non-Paris-aligned operations was the end of 2022 and expects the EIB to report on all operations signed since the adoption of the Climate Bank Roadmap;
12. Welcomes the EIB's intention to increase its own higher-risk projects, as set out in its operational plan for 2023-2025; calls on the EIB to adapt its derisking activities in order to steer private finance towards projects that have a high level of additionality and contribute to a just transition, without jeopardising the commercial viability of its portfolio; invites the EIB to learn lessons from the implementation of products such as the climate and infrastructure funds, including the relevance of intermediated equity for achieving this objective and improving the risk-reward ratios of investment in smaller-scale green infrastructure projects;
13. Welcomes the EIB Green Hydrogen Fund's goal of helping reduce emissions from hard-to-abate industrial sectors in developing countries by developing renewable hydrogen; notes that this should only serve the purpose of emissions reduction; insists that the EIB should ensure additionality in these developing countries so as to avoid diverting resources from existing renewable electricity used for direct electrification; underlines the importance of ensuring that renewable-based hydrogen is developed only in localised closed networks; is concerned about derisking private investments for large-scale green hydrogen projects, in particular those aimed at export, in non-EU countries with alarming human rights track records and highlights that decisions on the projects financed are unlikely to be taken with an adequate degree of transparency, accountability and public participation to ensure that local communities truly benefit;
14. Welcomes the Paris Alignment for Counterparties (PATH) framework and expects its full implementation; reminds the EIB that corporate clients are contractually required to create and publish a credible Paris alignment strategy (decarbonisation plan), which should include mid-term, rolling and quantitative emission reduction targets and options over a longer time frame in order to achieve climate neutrality by 2050 at the latest; reiterates its call for the EIB to work only with clients and financial intermediaries that have a credible decarbonisation plan, including short-term targets that are compatible with the 1.5-degree pathway and that will be put in place as soon as possible and by 2025 at the latest; calls on the EIB to systematically evaluate the credibility of decarbonisation plans, applying decarbonisation criteria compatible with the 1.5-degree target, before signing any new financial commitments; stresses that these new requirements must not prevent SMEs from accessing finance; underlines that rapid large-scale investment is needed for the EU to transition to a carbon-neutral economy; welcomes, in this context, the EIB's support for RePowerEU; takes note, however, of the exemptions granted under the PATH framework allowing the EIB to work with companies still involved in activities deemed incompatible with the Paris Agreement; expects the exemptions granted under the PATH framework in support of REPowerEU to be exceptional, temporary and fully justified;
15. Expects to see enhanced public reporting on efforts and initiatives to mainstream nature

in analyses and operations, as well as specific reporting on nature-positive investments, in line with the commitments made by the EIB; expects the new forestry lending paper to ensure that EIB lending promotes sustainable forest management, encourages the sustainable use of wood-based materials, fosters the wider bio-economy and guarantees that it does not directly or indirectly contribute to deforestation or afforestation;

16. Expects the EIB to continue to apply stringent animal welfare standards to the projects it finances and calls for the projects financed to comply fully with EU animal welfare legislation, including on harmful breeding activities, taking the highest standard set by multilateral financial institutions as a basis;
17. Takes note of the decision not to finance the extraction of mineral deposits from the deep sea, as reflected in the EIB's updated list of excluded activities; calls on the EIB to support projects that comply with the highest ecological and animal welfare standards, including ensuring sustainable feed in fish farming;
18. Stresses the key role played by the EIB in ensuring a just transition; invites the EIB to support projects delivering affordable access to renewable energy, housing and public services, community-led initiatives, and small projects with a particular focus on fighting energy poverty; calls on the EIB to lower the minimum loan amount for individual projects or loan schemes; encourages the EIB to cooperate with national and regional financial institutions to deliver targeted financing; calls on the EIB to contribute to achieving the EU's objectives on equality between women and men;
19. Highlights that the security of supply of critical raw materials (CRMs) is crucial both for the green and digital transitions and the EU's industrial base in general; emphasises the need for a circular economy approach to CRMs, based on recycling and reuse, in order to reduce the EU's dependence on third countries; recalls the role played by the EIB in the EU Raw Material Alliance and the Union's aim of becoming more autonomous as regards the CRM supply; calls on the EIB to invest more in the CRM sector to enhance resilience in raw materials and calls, in particular, on the EIB to support CRM-related projects that aim first and foremost at avoiding any new mining processes and recycling secondary raw material, and to foster circular economy solutions, particularly research and development for alternative materials, including bio-based materials;
20. Expects the EIB to play a major role in the EU Chips Act strategy; notes that EUR 600 million has already been lent to STMicroelectronics to enhance chip research and development in three different Member States; invites the EIB to fund projects that contribute to building a sustainable chip supply chain and to recycling the critical material necessary for chip production; underlines that the EIB should prioritise investment in infrastructure for the chips that have demand outlets in the EU and where the EU has unique expertise enabling it to remain the leader in this market segment;
21. Notes that EIB Global has signed EUR 10.8 billion in new financing; recalls that EIB operations outside of the EU are based on the general principles guiding EU external action as set forth in Article 21 of the Treaty on European Union, such as supporting democracy and the rule of law, human rights and fundamental freedoms; welcomes the EIB's support for and participation in the EU's Global Gateway initiative through a

Global Gateway Fund that is intended to provide equity and debt financing for high-impact infrastructure, clean energy and human development projects around the world; points out that EIB Global activities should remain aligned with EU strategic interests and external policy objectives and should ensure that investments clearly benefit recipient countries and societies, creating local jobs and alleviating poverty; believes that recipient country stakeholders, such as public authorities, civil society representatives and private-sector companies, should be involved in deciding on and implementing Global Gateway projects; asks the EIB to ensure a coordinated approach with other stakeholders contributing to the European financial architecture for development in order to deliver a stronger development impact; recalls, furthermore, that the successful implementation of EIB Global requires adequate numbers of in-house staff on the ground, including local staff;

22. Is of the opinion that EIB Global should also be accountable for compliance with the principles set out in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action (ownership, alignment, harmonisation, managing for results and mutual accountability); maintains that these principles should guide the EIB's operations as a public bank tasked with a development mandate; calls on EIB Global to devise a strategy centred on clear development added value and a sustainable development agenda that includes solid human rights and environmental standards, and to include civil society organisations in that process; calls on the EIB to address the global consequences of Russia's aggression against Ukraine in this context, with a particular focus on the food supply chain and sustainable access to food across the globe; calls on the EIB to encourage Member States to invite their respective development ministries to take part in EIB Global's Board Advisory Group; reiterates its call for EIB Global to limit blending operations to areas where they can add value to the local economy and to ensure that blended finance is not used for essential public services, particularly health, education and social protection, as monetisation could exacerbate existing inequalities and jeopardise universal access to these services; expects the EIB to pay particular attention to ensuring that the supply chains for its operations are free from forced labour; calls on EIB Global to increase its support for projects with limited bankability and high public returns and to lower the minimum loan amount for individual projects, particularly in less developed countries;
23. Notes that over the last few years, the majority of cases dealt with by the EIB complaints mechanism have related to projects outside of the EU; reiterates its call on the EIB to ensure that the complaints mechanism is accessible, effective and independent in order to detect and redress violations of EIB rules, such as bribery, misuse of funds and human rights violations in EIB-related projects; calls on the EIB to strengthen its internal mechanisms for fighting fraud and corruption, improve transparency and control over intermediated operations and ensure that it follows up promptly;
24. Reminds the EIB of the importance of integrating human rights into its due diligence procedures, conducting human rights impact assessments, anchoring its general human rights commitment in a responsibility to respect human rights and operating in full compliance with Article 2 of the Treaty on the Functioning of the European Union; takes note of the recent EIB information note summarising the EIB's approach to human rights, while calling on the EIB to clarify when it steps in to resolve an issue,

including through external consultations, to disengage from a project or to recover loans or investments; calls for clear and binding rules to complement the information note, in particular on assessment and disengagement, given Parliament's repeated calls for such rules; expresses particular concern that since 2015, the EIB has not required project promoters to carry out any standalone human rights impact assessments, whereas these should complement the environmental and social impact assessments; reiterates, moreover, its call on EIB Global to ensure inclusive and meaningful consultation and engagement with the communities impacted by its projects prior to their approval and throughout project implementation; underlines that specific measures should be taken to include indigenous peoples, women, persons with disabilities and other vulnerable groups in consultations;

25. Recalls that EIB funds are public money and should always be subject to public scrutiny and accountability; calls for more accountability towards the EU institutions, in particular towards Parliament, as transparency is one of the cornerstones of democracy; believes that Members of the European Parliament should be allowed to submit questions for written answer to the EIB, as is already the case for the European Central Bank; reiterates its request for an interinstitutional agreement between Parliament and the EIB in order to improve access to EIB documents and data;
26. Is concerned that the EIB is falling behind other public financial institutions in terms of transparency and ensuring that no harm is done by its intermediated investments, rating only 'fair' on the 2022 Aid Transparency Index¹; recalls that in 2021, EIB adopted a new transparency policy that runs counter to the presumption of disclosure and is not aligned with applicable exceptions listed in Regulation (EC) No 1049/2001² and Regulation (EC) No 1367/2006³; urges the EIB to take immediate action on the areas for improvement identified in the European Ombudsman's recommendations of 21 April 2022 regarding the need for the EIB to adopt a more ambitious approach to its disclosure practice, to act in line with EU transparency laws and to be more transparent with regard to the potential environmental impact of the projects it finances, in particular by providing more information about any financial intermediary sub-projects that have a significant impact on the environment;
27. Calls on the EIB to commit to strengthening its policy against tax fraud, tax evasion and tax avoidance, including by refraining from funding beneficiaries or financial intermediaries and cooperating with financial partners where these beneficiaries, intermediaries or partners have with a proven negative track record; calls on the EIB to enforce prevention measures and regular tax assessments against non-cooperative tax jurisdictions, tax and fiscal fraud, tax evasion and illegal and aggressive tax avoidance;
28. Expresses concern about health and safety at work at the EIB and calls on the EIB to take all the necessary measures to significantly improve the situation in consultation

¹ Publish What You Fund, *2022 Aid Transparency Index*, 2022.

² Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents, OJ L 145, 31.5.2001, p. 43.

³ Regulation (EC) No 1367/2006 of the European Parliament and of the Council of 6 September 2006 on the application of the provisions of the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters to Community institutions and bodies, OJ L 264, 25.9.2006, p. 13.

with employee representatives; calls, furthermore, on the EIB to actively promote balanced gender representation in its managerial and senior positions; calls on the EIB to further enhance the promotion of all forms of diversity and inclusion within its organisation and to set ambitious targets in this area.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	26.4.2023
Result of final vote	<div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">+:</div> <div>30</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">-:</div> <div>2</div> </div> <div style="display: flex; justify-content: flex-end; align-items: center;"> <div style="margin-right: 10px;">0:</div> <div>2</div> </div>
Members present for the final vote	Rasmus Andresen, Pietro Bartolo, Olivier Chastel, Katalin Cseh, Andor Deli, Pascal Durand, José Manuel Fernandes, Eider Gardiazabal Rubial, Matteo Gazzini, Alexandra Geese, Vlad Gheorghe, Valérie Hayer, Eero Heinäluoma, Niclas Herbst, Monika Hohlmeier, Adam Jarubas, Moritz Körner, Joachim Kuhs, Zbigniew Kuźmiuk, Pierre Larroustourou, Janusz Lewandowski, Margarida Marques, Andrey Novakov, Dimitrios Papadimoulis, Karlo Ressler, Bogdan Rzońca, Eleni Stavrou, Nicolae Ștefănuță, Nils Torvalds, Rainer Wieland, Angelika Winzig
Substitutes present for the final vote	Jan Olbrycht
Substitutes under Rule 209(7) present for the final vote	João Albuquerque, Maria Veronica Rossi

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

30	+
ECR	Zbigniew Kuźmiuk, Bogdan Rzońca
PPE	José Manuel Fernandes, Niclas Herbst, Monika Hohlmeier, Adam Jarubas, Janusz Lewandowski, Andrey Novakov, Jan Olbrycht, Karlo Ressler, Eleni Stavrou, Rainer Wieland, Angelika Winzig
Renew	Olivier Chastel, Katalin Cseh, Vlad Gheorghe, Valérie Hayer, Moritz Körner, Nils Torvalds
S&D	João Albuquerque, Pietro Bartolo, Pascal Durand, Eider Gardiazabal Rubial, Eero Heinäluoma, Pierre Larrourou, Margarida Marques
The Left	Dimitrios Papadimoulis
Verts/ALE	Rasmus Andresen, Alexandra Geese, Nicolae Ștefănuță

2	-
ID	Joachim Kuhs
NI	Andor Deli

2	0
ID	Matteo Gazzini, Maria Veronica Rossi

Key to symbols:

+ : in favour

- : against

0 : abstention