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# **DRAFT REPORT**

on the annual report on the control of the financial activities of the EIB for  
2016  
(2017/2190(INI))

Committee on Budgetary Control

Rapporteur: Marco Valli

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### 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 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>, and of 27 April 2017 on the control of the financial activities of the EIB for 2015– Annual Report 2015<sup>4</sup>,
- having regard to Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 on the EIB's external mandate 2007-2013<sup>5</sup> and to Decision No 466/2014/EU of the European Parliament and of the Council of 16 April 2014

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<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> Texts adopted, P8\_TA (2017)0138.

<sup>5</sup> OJ L 280, 27.10.2011, p. 1.

- 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 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>2</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’),
  - having regard to the Commission report on the management of the guarantee fund of the European fund for strategic investments in 2016 of 16 June 2017 (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,

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

<sup>2</sup> OJ L 169, 1.7.2015, p. 1.

- 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 (A8-0000/2018),
- A. whereas the EIB is 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 investment in innovation and skills is crucial to developing Europe's knowledge economy and to achieving the Europe 2020 targets;
- E. whereas contributing to a balanced and steady development of the internal market is one of the EIB's core tasks according to Article 309 of the Treaty on the Functioning of the European Union (TFEU);
- F. 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;
- G. whereas the EIB is a reference bank aimed at fostering the growth of start-ups and innovative enterprises;
- H. 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;
- I. 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;
- J. whereas the EIB's investments should not be only bankable operations but also respond to sustainability criteria and governance standards;
- K. whereas the transparency policy developed within the EIB is challenged by the dual nature of being a public body – the EU bank – and a commercial bank which manages and holds information on EIB clients;
- L. 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 sound asset portfolios;

***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 impacts; reiterates its request that the EIB present a more comprehensive, detailed and harmonised annual report with a better impact overview and evaluation of the EIB's overall activities and lending priorities as well as of financed projects and sectors;
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 and added value of its operations in the Member States and outside the EU; 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;
4. Recalls that activities benefiting from EIB support must be in accordance with the principles of the EU's policy goals as outlined in the Europe 2020 strategy and 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;
5. Underlines the fact that investment in SMEs, start-ups, research, innovation, the digital economy and energy efficiency is essential to economic recovery in the EU and to 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 interests and where market failures have been clearly identified;
8. Expresses its support for the EIB's four public policy goals and for two horizontal objectives which cut across those goals – economic and social cohesion, and climate action – covering multiple issues, from addressing regional imbalances to helping weaker regions to become more attractive to developing a favourable environment to promote sustainable and inclusive growth;
9. 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 only those which have demonstrated real added value for the environment, the economy and 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 where an official investigation is underway;

10. 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; in this context, recalls with regret the role played by the EIB and the Commission in the Castor project, involving a risk assessment which did not take account of the risk of increased seismic activity associated with the injection of gas, despite the existence of studies clearly warning of the potential dangers;
11. 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;
12. 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;
13. Considers the triple-A rating to be a relevant 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 the ones based on risk transfers – cannot be risk-free;
14. 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;

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

15. 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;
16. 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, which are the backbone of the EU economy and drivers of employment and sustainable growth, will benefit from EIF financing; asks the EIB to regularly report on updated leverage effects;
17. 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;
18. 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;
19. Calls for 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 that the multiplier effect be 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**

20. Notes that at year end 2016 the EFSI expected to mobilise eligible total investments of EUR 163.9 billion;
21. 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 along with new counterparts from the private sector;
22. 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);
23. Highlights the importance of the additionality criteria, which entail the necessity 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 same extent or in the same time-frame 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;

24. 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; recalls that this failure to publish creates both accountability and transparency issues; emphasises that transparency regarding the EFSI Scoreboard of Indicators is necessary, also in view of the need to hold the EFSI Investment Committee accountable;
25. 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;
26. Deplores the fact that the list of projects chosen to receive funding under EFSI includes infrastructure installations with serious environmental impact and dubious additionality, such as biorefineries, steelworks, regasification and gas storage facilities and motorways; criticises the fact that in many cases the EIB has failed to take action on reports from local authorities, stakeholder communities and civil society groups of environmental and social legislation being breached by funding recipients and by the projects financed, claiming that it was not its responsibility to carry out the necessary investigations; calls on the EIB, with reference to the precautionary principle, to freeze and, if necessary, to withdraw funding wherever there is any suspicion of environmental infringements and damage to society or to local communities;
27. 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;
28. 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;
29. 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; 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;
30. 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;

31. 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;
32. Asks for governance arrangements to be streamlined so as to better define the respective responsibilities of the Commission and the EIB, to 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;
33. 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 not accompanied by an impact assessment as envisaged by the better regulation guidelines and an ex ante evaluation as required by Articles 30 and 140 of the Financial Regulation for spending programmes and financial instruments;

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

34. 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);
35. 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 in 2016 the EIB did not reach the envisaged level of 30 % for investments for cohesion (26.8 % achieved inside the EU);
36. Emphasises the need to include in 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;
37. 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;

38. 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;

#### *Support for SMEs and midcaps*

39. 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;
40. 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;
41. 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;
42. 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;
43. 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;

#### *Innovation and skills*

44. 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;

45. Notes that lending to innovative projects in 2016 amounted to EUR 13.5 billion, of which EUR 12.2 billion concerned first signatures, while total project costs corresponding to new operations were EUR 50.2 billion;
46. 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;
47. 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*

48. 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;
49. 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;
50. 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;
51. Expresses concern with regard to the EIB's possible funding of 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*

52. 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;

53. Stresses the importance of the goals set by COP 21 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 with concern 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;

### **Responding to global challenges**

54. 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;
55. 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;
56. Stresses the fact that the external operations of the EIB should act as a support for policy areas of high importance for the EU;
57. 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, to take into account when implementing its projects of any human rights violations and to put an end to any loans accordingly;
58. Calls on the EIB, with regard to its new External Lending Mandate, 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;

### **Enhancing the EIB's corporate governance, business practices, transparency and**

## accountability standards

59. Believes that the linkage between impact and performance scrutiny on the one hand, and greater accountability and visibility on the other, should be enhanced, based 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;
60. Recognises 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 complaints received in 2015;
61. Welcomes the disclosure of the minutes of the meetings of the EIB Board of Directors, and calls on the EIB also to disclose the minutes 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;
62. 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 fact 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 countries, since this poses a risk to the independence of the institution; stresses the importance of the European Ombudsman exerting public scrutiny over the EIB; 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;
63. 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;
64. 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;

65. 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;
66. Positively notes the importance given by the EIB to its policy of zero tolerance of fraud, corruption and collusion; insists that the EIB revise its policy on preventing and deterring prohibited conduct in EIB activities, which should set in stone the need for the EIB to freeze financing or approving further loan disbursements for projects that are under ongoing national or OLAF investigation for corruption and fraud; underlines the need to disclose information on the contracting and subcontracting system in order to avoid any risk of fraud and corruption; stresses the fact 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;
67. Regrets that the 'Dieselgate' cases raised some questions over the fact that Volkswagen had received loans from EIB through fraud and deception; asks the EIB to follow OLAF's recommendations on taking active steps in implementation of its anti-fraud policy;
68. 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, for a 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;

69. 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;
70. 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 new advisory committee that will be able to deliver opinions before the formal appointment of members of the Management Committee;
71. 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;
72. 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 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*

73. 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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74. 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.