MISSION REPORT

following the ECON mission to the European Investment Bank (EIB), in Luxembourg, from 21 to 22 February 2022

Committee on Economic and Monetary Affairs

Members of the mission:
Irene Tinagli (S&D) (ECON Chair)
Joachim Schuster (S&D)
Pedro Silva Pereira (S&D)
Philippe Lamberts (Verts/ALE)
Dorien Rookmaker (ECR)

Accompanying member:
Monica Semedo (Renew)
ECON mission to the European Investment Bank (EIB)
Luxembourg, 21 to 22 February 2022

The Delegation met with President Hoyer, six Vice-Presidents and high ranking officials and discussed the EIB’s outlook for 2022, its investment priorities in and outside the EU, its transparency policy and the EIB’s role in relation to the EU’s green transition.

Welcome and opening by President Werner Hoyer

The EIB President welcomed the delegation and highlighted multiple challenges that the EU and the EIB in particular need to meet simultaneously (economic impact of the Covid-19 pandemic, addressing an investment gap, positioning of the EIB as the EU climate bank, the operations of the EIB outside the EU). He highlighted that the last ECON delegation to the EIB was organised in 2005 and suggested that such visits could be organised on a more regular basis.

EIB – the EU Bank – outlook for 2022

EIB presented a number of projects supported by the EIB that focus on innovation, green and digital transition (a large-scale battery plant, a semiconductor R&D project, innovative projects in the field of diagnostics and health care, R&D&I in the field of voltage electricity cables and telecommunication cabling systems).

EIB investment priorities in and outside the EU

As regards activities of the EIB inside of the EU, in 2021 the EIB invested almost EUR 58 billion, mostly in innovation, digital and human capital (EUR 17 billion), sustainable cities and regions (EUR 12 billion), SMEs and mid-caps (EUR 16.4 billion) and sustainable energy and natural resources (EUR 12.6 billion). By 2025 the EIB’s plan is to dedicate at least 50% of the lending to the climate activities. Regarding digital transition, the priorities include innovation and digitalisation, telecommunication networks and strategic autonomy in critical technologies.

2021 was a year of the transition of mandates (from EFSI to InvestEU and from External Lending Mandate (ELM) to Neighbourhood, Development and International Cooperation Instrument (NDICI). 2022 will mark a shift from counter-cyclical role to addressing long-term challenges in the EU (climate neutrality, digital transition, economic and social cohesion and gradual shift towards knowledge-driven and higher-risk activity).

In 2021 the EIB invested EUR 8.14 billion outside the EU, mostly in the neighbourhood countries (EUR 2.03 billion in the Southern neighbourhood and 671 million in the Eastern neighbourhood). As regard the EIB’s activities outside the EU, the EIB highlighted the following:

- supporting investments to boost gender equality and women’s economic empowerment,
- supporting countries’ response to the COVID-19 pandemic,
- backing climate and environmental investments,
- backing digital transformational and innovative SME financing.
Presentation of InvestEU case study

The EIB presented a project in solar plants, its project finance structure and how it addresses climate and environmental externalities, social and economic cohesion and additionality.

Key findings of Investment Report

The EIB presented the following key findings of the Investment Report:

- policy support has been successful in avoiding the worst,
- real GDP and investment are back to pre-pandemic levels in just 2 years, however, the challenge remains how to adapt to the new normal and to reap the benefits of the green and digital transformation,
- policy support was substantial and widespread at firm level and allowed business continuity and business transformation,
- firms with large declines in sales were more likely to receive financial support allowing them to keep investment plans, independent of the sale loss,
- many firms reacted to the pandemic, starting their “digitalisation journey”, but to a lesser extent than in the US,
- the pandemic put on hold climate investment, but EU climate policy leadership is likely to pay off for the future,
- the risk of an asymmetric recovery remains and resilience to withdrawal of firms support likely to vary across countries,
- the divide across territories, firms and people might have increased.

Main recommendations:

- fully exploit the potential embedded in the Recovery and Resilience Facility,
- protect public investment from fiscal consolidation,
- unlock private investment by addressing barriers: lack of skills, risk sharing, policy clarity and infrastructure,
- accelerate investment in order to adapt to the new normal and reap the benefits of the green and digital transformation.

EIB’s transparency policy

The EIB described the three pillars of its transparency policy:

- proactive publication (e.g. project summaries, environmental and social documents),
- disclosure upon request of information or documents,
- stakeholder engagement (e.g. public consultation on key policies)

It also underlined a need for a balance between transparency obligations as an EU body and confidentiality obligations as a bank.

Further improvements of EIB’s transparency policy includes:

- systematic publication of additionality and impact statements,
- calendars of the board, management committee and audit committee meetings,
- project publication on intermediated projects,
increased clarification of the commercial interests exception.

**EIB’s role in relation to the green transition**

The EIB noted that since 2020 it was aligning its finance to the Paris agreement with the aim of reaching half the finance to go to green projects from 2025. It is expected to mobilise EUR 1 trillion investments during the critical decade (2021-2030). Since 2007 the EIB has been issuing green bonds. Currently the following products are offered:
- Climate Awareness Bond, allocated only to climate change mitigation projects; and
- Sustainability Awareness Bond (2018), allocated to a mix of social and environmental projects (water, biodiversity, health care, education, social housing).

The EIB confirmed they were committed to the alignment to the Taxonomy and the EU European green bond standard in advance, and will adapt as they will evolve. Finally, engagement with investors world wide and promotion of the EU standards was highlighted.
ANNEX I: Final programme of the mission

Monday, 21 February 2022
Venue: Salle Belvédère, EIB East Building (EKI), 98 Boulevard Konrad Adenauer

12:45 - 14:00 Arrival and lunch hosted by the EIB
14:00 – 14:15 Welcome and opening by President Werner Hoyer
14:15 – 15:45 EIB – the EU Bank – outlook for 2022 (in the presence of Vice-Presidents Kris Peeters and Gelsomina Vigliotti)
   Marjut Falkstedt, Secretary General
   Gunnar Muent, Director General, Corporate Services
   EIB investment priorities in and outside the EU (in the presence of Vice-Presidents Kris Peeters and Gelsomina Vigliotti)
   Luca Lazzaroli, Director General, Deputy Head of Lending Operations
   Maria Shaw Barragan, Director, Global Partners
15:45 - 16:15 Coffee break
16:15 - 16:45 Continuation of Investment priorities
   Presentation of InvestEU case study by project team
16:45 - 17:30 Key findings of Investment Report
   Debora Revoltella, Director of the Economics Department
17:30 - 18:30 EIB’s transparency policy (in the presence of Vice-President Thomas Östros)
   Marjut Santoni, Secretary General
   Hakan Lucius, Head of Civil Society Division
18:30 - 20:30 Dinner hosted by the EIB with President Hoyer and Vice-Presidents Ambroise Fayolle, Lilyana Pavlova, Thomas Östros, Ricardo Mourinho Félix, Kris Peeters and Gelsomina Vigliotti

Tuesday, 22 February 2022
Venue: Salle CA, EIB West building (WKI), 100 Boulevard Konrad Adenauer

09:00 - 10:00 Exchange of views with the EIB staff representatives (in camera)
10:00 - 12:00 Exchange of views on staff matters (in camera)
Marjut Falkstedt, Secretary General
Maj Theander, Director General Personnel
Representatives of the EIB staff initiatives (EIB Proud network, EIB Enable network, Connected Women network)

12:00 - 12:10 Coffee break

12:10 - 12:45 EIB’s role in relation to the green transition (in the presence of Vice-President Ambroise Fayolle)
Chris Hurst, Director General Projects Directorate
Eila Kreivi, Chief sustainable finance advisor

12:45 - 13:00 Closing session, remarks by Vice-President Kris Peeters

13:00 - 14:00 Lunch hosted by the EIB
Economic and Monetary Affairs MEPs finish visit to the European Investment Bank

Members of the Economic and Monetary Affairs Committee (ECON) concluded a two-day visit to the European Investment Bank (EIB) in Luxembourg, led by Committee Chair Irene Tinagli.

On 21-22 February 2022 the ECON delegation met with EIB President Werner Hoyer and Vice-Presidents Ambroise Fayolle, Lilyana Pavlova, Thomas Östros, Ricardo Mourinho Félix, Kris Peeters and Gelsomina Vigliotti.

They discussed the EIB’s outlook for 2022, its investment priorities in and outside the EU, its transparency policy and the EIB’s role in relation to the EU’s green transition. The ECON delegation also discussed staff matters with staff representatives and with the EIB management.

As the conclusion of the visit, ECON Committee Chair Irene Tinagli said: “We thank the EIB President for the invitation to visit the EIB’s headquarters in Luxembourg and for fruitful discussions on the EIB’s investment priorities, transparency and contribution to the green transition. The ECON delegation also appreciated the open dialogue with staff representatives and the EIB’s management on staff matters.”

Participating ECON Members:

Irene TINAGLI (ECON Chair, S&D)
Joachim SCHUSTER (S&D)
Pedro SILVA PEREIRA (S&D)
Monica SEMEDO (Renew)*
Philippe LAMBERTS (Greens)
Dorien ROOKMAKER (ECR)
(* participating as accompanying Member)