

European Investment Bank - 2011 annual report

European Parliament resolution of 7 February 2013 on the 2011 Annual Report of the European Investment Bank (2012/2286(INI))

The European Parliament,

- having regard to the 2011 Annual Report of the European Investment Bank (EIB),
- having regard to Articles 15, 126, 175, 208, 209, 271, 308 and 309 of the Treaty on the Functioning of the European Union and to Protocol No 5 thereto on the Statute of the EIB,
- having regard to its resolution of 29 March 2012 on the European Investment Bank (EIB) - Annual Report 2010¹,
- having regard to the European Council conclusions of 28 and 29 June 2012, which, notably, foresee an increase in EIB capital of EUR 10 billion,
- having regard to the conclusions of the European summit of 29 June 2012,
- having regard to the report by the President of the European Council of 26 June 2012, ‘Towards a genuine economic and monetary union’,
- having regard to the report on ‘Risk sharing instruments’ (codecision file adopted last year), and in particular to the opinion of the Committee on Economic and Monetary Affairs,
- having regard to the EBRD capital increase, notably in relation to the question of relations between the EIB and the EBRD and possible overlap,
- having regard to the decision on extending the scope of the EBRD to the Mediterranean area,
- having regard to the proposal for a regulation of the European Parliament and of the Council 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 (COM(2011)0659), which introduces the pilot phase for the Europe 2020 Project Bond Initiative,
- having regard to the proposal for a Council regulation conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM(2012)0511), and to the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 1093/2010 establishing a European Supervisory Authority (European Banking Authority) as regards its interaction with Council Regulation (EU) No.../... conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (COM(2012)0512), which aim to establish a European Banking Union,

¹ Texts adopted, P7_TA(2012)0119.

- having regard to Decision No 1080/2011/EU of the European Parliament and of the Council of 25 October 2011 granting an EU guarantee to the European Investment Bank against losses under loans and loan guarantees for projects outside the Union and repealing Decision No 633/2009/EC¹,
 - having regard to Rules 48 and 119(2) of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Budgetary Control (A7-0016/2013),
- A. whereas the combination of tight public budgets, excessive sovereign debts and the related corrective measures which often penalise aggregate demand, with inadequately regulated financial institutions is in some cases creating a downward economic spiral at EU level, exerting downward pressure on investment, especially for SMEs, and impacting negatively on growth, competitiveness and job creation in the Union;
- B. whereas the EIB was set up by the Treaty of Rome and has the role of being ‘the European Union bank’, whose aim is to help realise the Union’s priorities by selecting economically sound projects for investment by the EU; whereas as a not-for-profit bank it also complements commercial banks and the financial overall framework by addressing market failures;
- C. whereas the current debt, economic and financial crisis has seriously affected the economic development of many Member States and has worsened social conditions , while encouraging Member States to respond adequately with measures intended to restore healthy economies and lay a solid basis for future growth and employment; whereas the EIB has the ability, through increased lending and participation in economically reliable investment projects, given also the scarcity of public resources, to contribute to social cohesion and the economic growth of those Member States that are experiencing financial problems;
- D. whereas the EIB’s operations outside the EU are undertaken to support economically viable projects that are compliant with the Union’s external action policies;
- E. whereas the EIB pursues its efforts against a background of weakly regulated, non-transparent or uncooperative jurisdictions, including by (i) screening the AML-CFT (anti-money laundering and combating the financing of terrorism) capability of financial intermediaries used for its intermediated lending, so that they duly identify the final beneficiaries of EIB funds in accordance with applicable EU AML-CFT directives or FATF (Financial Action Task Force) standards, as applicable; and (ii) monitoring EIB disbursements through such jurisdictions;
- F. whereas a new set of rules for economic, fiscal and budgetary surveillance and discipline have been introduced in the EU, and especially the eurozone, in order to ensure the sustainability of public debt;
- G. whereas this set of rules needs to be urgently backed up by measures designed to boost the economy, industry, growth, competitiveness, innovation and employment, requiring the mobilisation of the EU budget and of the EIB’s lending capacity and expertise;

¹ OJ L 280, 27.10.2011, p. 1.

- H. whereas there is a crucial need to ensure that the EIB keeps its AAA credit rating, in order to preserve its access to worldwide capital markets under attractive funding conditions that can be transferred to final project promoters; whereas there is also a need for its investments to be in line with the EU's policies, with particular attention to growth and employment;
- I. whereas EIB lending fell from EUR 72 billion in 2010 to EUR 61 billion in 2011 because the huge increases provided in 2009 and 2010 in response to the first wave of the crisis had the result of exhausting its capital base;
1. Welcomes the EIB Governors' decision concerning the EUR 10 billion capital increase for the Bank, which should allow it to increase lending by up to EUR 60 billion over the period 2013-2015 and leverage some EUR 180 billion of total investments; notes, however, that these investments, even if leveraged as above, would amount annually to 0,5 % of EU GDP; believes, therefore that a further increase in this capital would be greatly beneficial to the Union in the context of its need for economic growth;
 2. Calls on the EIB to conduct an evaluation of the effectiveness and sustainability of the crisis measures of 2009 and 2010, the findings of which should underpin the future decisions on the priorities for capital increase investment plans;
 3. Recommends that the new lending capacity be aligned with the EU's priorities in creating growth and jobs and that it target in particular four areas (the EU SME Access to Finance Initiative; the EU Innovation and Skills Initiative; the EU Resource Efficiency Initiative; and the EU Strategic Infrastructure Initiative), covering all Member States but focusing on the less developed regions while maintaining a diversified investment portfolio;
 4. Encourages the use of risk capital and financial instruments reflows for new investments in line with the EIB lending mandate;
 5. Recalls that organised cooperation between EU bodies (Commission and EIB), also federating other institutions, is likely to be more efficient than level competition;
 6. Calls for a strategic orientation of EIB resources towards the specific needs of each Member State within the framework of its mandate;
 7. Stresses the need to make greater use of the existing joint initiatives of the Commission and EIF/EIB Group such as JEREMIE that finance small and medium-sized enterprises (SMEs) in combination with the Structural Funds (also ELENA or EPEC), in order to offer technical and financial advice services, as well as instruments such as PROGRESS and JASMINE for funding microfinancing projects, especially in those regions of the EU where the unemployed have extreme difficulty finding a job; in parallel, encourages the Commission to make available to the EIB/EIF adequate budgetary resources for this purpose, in order to increase the number of projects financed by these programmes,
 8. Reaffirms the importance of the EIB voluntarily complying with the current Basel II capital requirements, and suggests that it meet the forthcoming Basel III obligations while remaining mindful of the specific nature of its activities;
 9. Believes that the EIB, as a bank needing to maintain its triple A rating, must not be exposed to financial interventions that would normally come under the investment section of a public budget, which is something that the EU budget is lacking;

10. Recalls its insistence, as repeatedly expressed over many years, on the need for prudential banking supervision of the EIB;
11. Proposes that this regulatory supervision should be:
 - (i) exercised by the ECB on the basis of Article 127(6) of the TFEU; or
 - (ii) exercised in the context of the future Banking Union envisaged in the Commission's communication of 12 September 2012¹; or
 - (iii) failing that and on the basis of a voluntary approach by the EIB, carried out by the European Banking Authority, with or without the participation of one or more national supervisors, or else by an independent auditor;

regrets that the Commission has proposed no action in this regard, despite Parliament's requests dating back to 2007;
12. Calls on the Commission to provide an assurance to Parliament that EIB activities comply with competition rules, particularly with regard to other credit institutions;
13. Reiterates its proposal for the European Union to become a member of the EIB;
14. Considers that, during the current period and for as long as the interest rates for businesses vary considerably between eurozone Member States, EIB actions are of increasing importance in the framework of the EU's efforts to tackle this problem;
15. Considers that in order to develop joint EIB/EU financial instruments an appropriate framework should be put in place in a timely manner to monitor the EIB's activities and to increase its democratic accountability by involving Parliament and the Council; this framework should allow the EIB to continue to assess projects on their own merits, in order to ensure the long-term sustainable use of EIB capital resources, and should address the need to avoid excessive administrative burdens for managing entities, financial intermediaries and final beneficiaries;
16. Recommends that the implementation of EIB/EU financial instruments should be based on ex ante policy objectives and criteria, combined with a transparent and efficient ex post reporting system that will preserve the independence of the EIB as regards project selection and due diligence;
17. Welcomes the EU 2020 project bond initiative, and calls for a more rapid improvement of the pilot phase and a prompt evaluation of its achievements, with a view to starting with the second phase of the project bonds; believes that this initiative should contribute to a balanced development of industries and infrastructures in all the Member States and not end up magnifying the differences between more and less advanced PPP/Project Finance markets in the EU;
18. Believes that the EIB should contribute to combating corruption and lack of transparency in the EU Member States and non-EU countries in which it operates, in particular by collecting relevant information on beneficiaries and financial intermediaries, paying

¹ COM(2012)0510.

particular attention to the accessibility of loans for SMEs and their links to the local economy, and publishing information about the aggregated amounts disbursed, the numbers and names of recipients of the funds concerned, in particular SMEs, as well as the regions and sectors to which they were allocated; calls, furthermore, on the EIB to act according to Article 3(5) of the EU Treaty, which, as confirmed by the ECJ on 21 December 2011 in its ATAA judgement, requires the Union to contribute to the strict observance of international law, and in particular the principles of the UN Charter;

19. Encourages the EIB to continue its efforts to prevent resort to offshore financial centres or non-cooperative jurisdictions within its financing operations; in this context, welcomes the Commission's recommendation concerning the criteria to be used to identify third countries which do not meet minimum standards of good governance in tax matters; believes that the Commission should engage in a dialogue with the EIB in order to ensure that these criteria are duly applied when selecting projects, beneficiaries and intermediaries; calls on the EIB, following a recent case in the mining sector, to indicate which procedures and standards can be adopted in any future cases of this kind;
20. Recalls that lack of funding is only one of the potential barriers to investment, and that poor administrative and project management capacity can often delay the implementation of investments; encourages the EIB, therefore, to further expand its provision of technical and financial advice, to encourage banking partners and other financial intermediaries to develop technical and financial advice services themselves, and to consider issuing a set of guidelines based on best practice;
21. Recalls that lack of funding, especially for SMEs, is the main problem in several Member States; calls for the strengthening of EIB actions to support the financing of SMEs, entrepreneurship and exports, as being key to economic recovery; considers that any measure designed to improve financing conditions for SMEs should include the following three main characteristics: (i) sufficient network capillarity; (ii) maximising throughput of EIB preferential financing costs to SMEs, (iii) alignment with country-specific needs and EU policy objectives;
22. Encourages the EIB to continue developing risk-sharing instruments in cooperation with the Commission, in order to optimise the risk capacity of the EU and the lending capacity of the EIB;
23. Considers that national public financial institutions have the capacity to ensure the throughput of EIB preferential financing costs to SMEs; suggests, therefore, that the EIB should continue implementing financial instruments for SMEs through national public institutions where they meet its lending requirements; welcomes the activities of the Long Term Investors Club aimed at enhancing cooperation between the EIB and key national public institutions;
24. Encourages the Commission and the EIB, in addition, to develop an EIB loan window for SMEs, serving such partners in order to extend EIB loans for SMEs to such smaller financial intermediaries (and smaller SMEs), which are currently underserved by reason of, notably, their limited credit profile;
25. With a view to maintaining current levels of welfare while Member States are restructuring public financing, encourages the EIB Group and the Commission to continue supporting the social economy sector and young entrepreneurs through different initiatives such as tailored

loans and guarantee schemes: welcomes, in particular, the launch of a novel investment platform providing access to finance for social enterprises that are active in addressing current social issues through their business models, and encourages the EIB to work closely with the Commission and representatives of the sector in the framework of the Social Business Initiative;

26. Calls on the EIB to support, inter alia, those Member States that have been most affected by the crisis, by financing viable activities designed to promote employment and spur the economy on a growth path; recalls that cooperation between the EIB and the Structural Funds in Member States in difficulty is necessary with a view to implementing reliable and productive public and private investments and infrastructure projects;
27. Welcomes the EIB's framework of structural programme loans, which significantly contributes to cofinancing from national budgets in the context of the EU Structural Funds; encourages the Bank to widen this support in order to generate the necessary investments in those Member States which are severely affected by the economic crisis; points out, however, that this measure should remain separate from Structural Fund programmes and should be phased out with the end of the crisis;
28. Welcomes the EIB's role in helping design a dedicated financial facility for the cultural, educational and creative sector, and considers that it should continue developing initiatives in support of cultural and educational actions;
29. Encourages the EIB to continue, in the context of scarce public resources, its funding support to the health sector, and to assist, in particular, the construction, replacement and modernisation of hospital infrastructures;
30. Supports the EIB's efforts to continue investing in research and innovation projects, particularly through the Risk Sharing Finance Facility and from the perspective of Horizon 2020, with a focus on the market deployment of new technologies, considering also green technologies; calls on the EIB to pursue actions aimed at bridging the research and innovation gap between EU economies, since it undermines the long-term proper functioning of the single market;
31. Encourages the EIB to continue its efforts together with the Commission to develop innovative financial instruments, with the objectives of leveraging limited EU budgetary resources in the most efficient way, mobilising private funding sources and promoting risk-sharing instruments for financing key investments for the EU, taking into account, inter alia, such areas as agriculture, climate action, energy and resource efficiency, renewables, sustainable modes of transport, innovation, trans-European networks, education and research, and thus facilitating the transition to knowledge-driven growth and sustainable development for a Union grounded in sustainable competitiveness;
32. With specific regard to energy efficiency, welcomes the EIB's increasing activity in the sector over the last few years, and encourages the Commission and the EIB to work together in exploiting synergies and launching new joint initiatives, in particular in light of the investment needs and opportunities created by the recently adopted Energy Efficiency Directive; invites the EIB to consider inter alia the specific role of the ESCOs when defining the new joint initiative for energy efficiency;
33. Welcomes the review of the EIB's mandate for operations outside the Union; supports the

EIB's focus on investing in the long-term prosperity and stability of the EU's neighbourhood, in particular the Mediterranean area and the countries preparing for EU membership, by financing support in the areas of interconnection, growth, climate change, European FDI and SMEs;

34. Recommends action to ensure better access for the EU's Bank to Union grants and enhance synergies with EU instruments within the frame of the new mandate, and encourages the promotion of greater use of innovative financial tools outside the EU, including equity and risk sharing-instruments for SMEs, and the provision of opportunities for microcredit financing;
35. Welcomes the Bank's regional initiatives, especially in the Baltic and Danube regions, aimed at improving the overall sustainability and competitiveness of the regions concerned; considers that these initiatives embody best practice as regards the possibility of extending support to other EU regions;
36. Welcomes the Bank's participation in the European Bank Coordination 'Vienna' Initiative (EBCI), which is aimed at preventing a large-scale and uncoordinated withdrawal of crossborder banking groups from the CEE and Baltic regions, as well as in the forthcoming Joint International Financial Institutions Action Plan for Recovery and Growth for the Central, Eastern and South-Eastern European Member States and candidate countries;
37. Encourages the EIB to further improve its efforts to conduct lending operations outside the EU and to step up its cooperation with other global and regional development banks, as well as the development finance agencies of Member States, in order to reduce costs and achieve more efficient use of resources;
38. Considers, within the framework of the future EU Platform for External Cooperation and Development which is expected to be proposed by the Commission, that the EIB should play a special role as the 'EU Bank' and natural partner of the EC/EEAS, in supporting the EU's external policy objectives in the context of the Platform and offering its technical and financial expertise;
39. Recalls that it is important in the context of blending facilities to maximise the pooling of scarce budgetary resources, not only from the EU budget but also from other sources, and to ensure compliance with EU policies and standards;
40. Encourages the EIB, where possible, to make full use of potential synergies through close cooperation with the EBRD;
41. Welcomes, taking into account the current capital crunch in relation to the green economy, the EIB's activities aimed at supporting Europe's transition to a smarter, greener and more sustainable economy;
42. Calls on the EIB to comply with the provisions of the Aarhus Convention and Regulations (EC) No 1367/2006 and (EC) No 1049/2001 by setting up a public register of documents, since this is needed to guarantee the right of access to documents, also with respect to the final beneficiaries of the EIB's global loans;
43. Recalls that it is the EIB's responsibility to safeguard, inter alia, the European acquis concerning environmental, labour and social rights, transparency, public procurement and

human rights;

44. 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.