EU guarantee to the European Investment Bank (EIB) against losses under loans and loan guarantees for projects outside the Union

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The Committee on Budgets adopted the report drafted by Ivailo KALFIN (S&D, BG) on the proposal for a decision of the European Parliament and of the Council granting an EU guarantee to the European Investment Bank against losses under loans and guarantees for projects outside the European Union.

The committee recommended that the European Parliament's position at first reading under the ordinary legislative procedure should be to amend the Commission proposal as follows:

EU guarantee: an amendment stipulates that EIB financing activities shall comply with the general guiding principles, and contribute to the achievement of the objectives of, the external action of the European Union as well as the policies of the European Union. Eligible for EU guarantee shall be EIB loans and loan guarantees for investment projects carried out in countries covered by this decision, granted in accordance with the EIB's own rules and procedures, including the EIB's statement on social and environmental standards.

General mandate objectives: the EU guarantee shall be granted for EIB financing operations which support any of the following general objectives: (i) local private sector development, in particular support to small and medium-sized enterprises (SMEs); (ii) climate change mitigation and adaptation.

It is stipulated that the contribution to reduction of poverty through inclusive growth and sustainable economic and social development shall be an objective for EIB financing in developing countries.

Members call on the EIB, in cooperation with the Commission, present by 2012 a strategy on how to gradually and steadily increase the percentage of projects promoting the reduction of CO2 emissions and phase out projects detrimental to the achievement of the EU climate objectives.

More generally, EIB financing operations shall contribute to the general principles guiding the EU's external action of consolidating and supporting democracy and the rule of law, human rights and fundamental freedoms, and shall contribute to the implementation of international environmental agreements to which the EU is a party.

The EIB shall develop performance indicators in order to facilitate the monitoring of these aspects.

In relation to developing countries in particular, attention shall be paid to sustainable management of global natural resources, their smooth and gradual integration into the world economy, the campaign against poverty, as well as compliance with objectives approved by the EU in the context of the United Nations and other competent international organisations. The EIB shall promote equal access to financial services, in particular for disadvantaged groups such as minorities, farmers and women.

In order to adequately meet these requirements, the EIB governing bodies shall ensure that EIB resources, including staff, are increased within a reasonable period of time.

Mandate ceilings: the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2007-2013, less amounts cancelled, shall not exceed **EUR 28 981 000 000**, broken down into

two parts: (a) a General Mandate of EUR 26 981 000 000; (b) a Climate Change Mandate of EUR 2 000 000 000.

EIB assessment of development related aspects of projects: the Commission shall include on an aggregate basis in the annual report to the European Parliament and the Council an assessment of the development dimension of the activities of the EIB, based on the due diligence carried out for the projects.

Cooperation with other public financing institutions: the objective of this being to maximize synergies, cooperation and efficiency and to ensure prudent and reasonable sharing of risks and coherent project and sector conditionality, in order to minimise, where possible, duplication of costs and unnecessary competition.

Members call on the Commission to propose, by mid-2012, on the basis of the existing positive experience, the establishment of an "EU platform for cooperation and development" with a view to optimising and rationalising the functioning of mechanisms for increased blending of grants and loans in the external regions. In its reflections the Commission shall consult the EIB, the EBRD as well as the other European multilateral and bilateral finance institutions.

Non cooperative jurisdictions: in its financing operations, the EIB shall not tolerate any activities carried out for illegal purposes, including money laundering, financing of terrorism, tax fraud and tax evasion.

Perspectives for cooperation and development financing: the Commission shall, together with the EIB, create a working party to discuss the perspectives of the cooperation and development financing originating from the EU to review the existing practices and suggest changes in the organisation and coordination of development aid and the increase in its efficiency and effectiveness.