

EU guarantee to the European Investment Bank (EIB) against losses under financing operations supporting investment projects outside the Union (2014-2020)

2013/0152(COD) - 15/11/2013 - Committee report tabled for plenary, 1st reading/single reading

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

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

The EU guarantee: this should be given for the benefit of investment projects carried out in eligible countries in accordance with the EIB's own rules and procedures including the EIB's statement on environmental and social principles and standards.

Ceilings for the financing operations: Members demanded that the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-2020 **should not exceed EUR 30 000 000 000** (against EUR 28 000 000 000 according to the Commission proposal). This maximum limit should consist of a fixed ceiling of a maximum amount of EUR 27 000 000 000.

The EIB financing operations in support of Union external policies should continue to be conducted in accordance with the **principles of sound banking practices**.

Objectives and general principles: the report indicated the following points:

- the EIB should take care, in its choice of projects, to safeguard the European interest;
- it should also be ensured that the foreign direct investment that is supported by the EIB genuinely contributes to economic integration between Pre-accession countries, Neighbourhood countries and Member States;
- in accordance with Article 208 of the Treaty on the Functioning of the European Union (TFEU), the EIB, in principle, should endeavour to support the objectives of the Union development cooperation policy, such as reducing poverty through inclusive growth and sustainable economy, environmental and social development;
- the EIB should always, as a priority, endeavour to strengthen the local private sector in beneficiary countries; EIB financing should genuinely be used in the specific investment projects for the benefit of the SMEs concerned;
- the EIB should also support investment projects in sustainable energy security and energy infrastructure, including electricity transmission infrastructure, in particular, interconnections that facilitate the integration of electricity from renewable sources;
- investments in the field of renewable energy and better energy efficiency should be preferred to investment in fossil fuels which generate high CO₂ emissions;
- financial agreements with individual promoters relating to EIB operations should also include appropriate environmental, social, human rights and labour provisions.

Countries covered: for countries not listed in Annex II, eligibility for EIB financing under the EU guarantee should be decided on a case-by-case basis in accordance with the ordinary legislative procedure.

Members proposed adding Bhutan to Annex III following the recent developments which allowed the Union to open a new chapter in its relations with this country and in order to support the on-going political and economic reforms.

Consistency between the external actions of the EIB and the objectives of the EU's external policy: Members demanded that the lending operations of the EIB be consistent with the development strategies of the beneficiary country.

The EIB should also require the project promoters to carry out appropriate consultations with the relevant national and local stakeholders, as well as with civil society, at project planning stage and implementation stage.

The consistency of EIB financing operations under the mandate with Union external policy objectives should be subject to monitoring. To facilitate this, the EIB should develop performance indicators in relation to development, environmental and human rights aspects of projects funded.

Cooperation with other European or international financial institutions: the EIB must not cooperate with financial intermediaries with a negative track record in terms of transparency, fraud, corruption and environmental or social impacts.

Members took the view that the EIB should only cooperate with financial intermediaries:

- that have substantial local ownership;
- that are equipped to implement a predevelopment approach supporting the specificity of SMEs in the countries of operation;
- and that are neither operating or established in a jurisdiction that: i) provides for tax measures which entail no or nominal taxes; ii) does not ensure an effective exchange of information in tax matters; is listed as a Non-Cooperative Country or Territory by the Financial Action Task Force (FATF).

Transparency: the allocation policy should be placed at the disposal of the European Parliament and made publicly available on the EIB website. After the project approval stage, for each operation to be financed by the EIB outside of the EU, the EIB website should indicate whether a EU guarantee will be used or not.