

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

2013/0152(COD) - 11/03/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 593 votes to 63 with 18 abstentions, a legislative resolution 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.

Parliament adopted its position in first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of an agreement negotiated between Parliament and Council.

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.

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

Ceilings for the financing operations: Parliament proposed that the maximum ceiling of the EIB financing operations under EU guarantee throughout the period 2014-2020 should **not exceed EUR 30 billion**. This maximum limit should consist of a fixed ceiling of a maximum amount of EUR 27 billion and an optional additional amount of EUR 3 billion.

The European Parliament and the Council shall decide in accordance with the ordinary legislative procedure on the activation in whole or in part of the additional amount and its regional distribution following the mid-term review.

Objectives and general principles: the EU guarantee shall be granted only for EIB financing operations which have added value on the basis of the EIB's own assessment, and support any of the following general objectives:

- local private sector development, in particular support to SMEs;
- development of social and economic infrastructure, including transport, energy, environmental infrastructure, and information and communication technology;
- climate change mitigation and adaptation.

Parliament specified the following:

- EIB financing will be adapted to ensure that the EIB enables effective support of Union **external policy objectives**;

- EIB financing operations should be consistent with the **beneficiary country's own strategies**;
- the EIB shall undertake financing operations in beneficiary countries within areas covered by the general objectives by **supporting foreign direct investments** that promote economic integration with the Union;
- in developing countries, the EIB financing operations shall contribute indirectly to the objectives of the **Union development cooperation policy**, such as reducing poverty through inclusive growth and sustainable economy, environmental and social development ;
- the EIB shall endeavour to strengthen the local private sector in beneficiary countries through support to local investment;
- the EIB shall cooperate with financial intermediaries that can **support the specific needs of SMEs** in the countries of operation and that do not participate in EIB financing operations implemented in an eligible country through vehicles located in a foreign non-cooperative.

The EU guarantee shall cover only EIB financing operations carried out in eligible countries that have concluded a **framework agreement** with the EIB establishing the legal conditions under which such operations are to be carried out.

Projects on climate change: the eligibility criteria for climate action projects are defined in the EIB climate change strategy, which shall be updated before the end of 2015. To this end, an analysis of the **carbon footprint** ought to be included in the environmental assessment procedure. The volume of those operations shall represent **at least 25%** of total EIB financing operations in order to further the promotion of the Union's climate goals on a global scale.

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.

With regard to amendments to **Annex III**, the Commission's decisions shall be based on an overall assessment, including economic, social, environmental and political aspects, in particular those related to the democracy, human rights and fundamental freedoms.

Coverage and terms of the EU guarantee: the amended text states that for EIB financing operations consisting of debt capital market instruments, only the Political Risk Guarantee shall apply.

Furthermore, financing agreements with individual promoters relating to EIB financing operations shall also include **appropriate environmental and social provisions**.

EIB assessment and monitoring of investment projects: the EIB shall require project promoters to carry out **local public consultation**, in line with Union social and environmental principles, with the relevant national and local stakeholders, as well as with civil society, at project planning stage and implementation stage on social, human rights, environmental, economic and development-related aspects of investment projects covered by the EU guarantee.

Annual reporting and accounting: the report presented each year to the European Parliament and Council an **assessment of the added value**, the estimated outputs, outcomes and development impact of EIB financing operations at an aggregated basis. To that effect, the EIB shall use **performance indicators** in relation to development, environmental and social aspects, including human right aspects, of projects funded.

Indicators for environmental aspects of projects shall include criteria for clean technology which are oriented in principle at energy efficiency and technologies for reducing emissions;

Transparency: the allocation policy and where possible and appropriate, existing framework agreements between the EIB and a recipient country, should be made publicly available on the EIB website.