Annual report on the control of the financial activities of the EIB for 2016

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The Committee on Budgetary Control adopted the own-initiative report by Marco VALLI (EFDD, IT) on the annual report on the control of the financial activities of the EIB for 2016.

As a reminder, the EIB is the EU's Bank. It is the largest multilateral bank and the biggest public lender in the world operating in international capital markets. It is treaty-bound to contribute to EU integration, economic and social cohesion and regional development, through dedicated investment instruments such as loans, equities, guarantees, risk-sharing facilities and advisory services.

Members noted that the EIB Group's total financing of EUR 83.8 billion for 2016, mobilising EUR 280 billion of total investment that year. They took note of the set of EIB annual reports for 2016 presenting the various investing activities and their expected impacts. They reiterated their request that the EIB present a more **comprehensive, detailed and harmonised annual activity report** and significantly improve the presentation of the information.

The report reiterated Parliament's concern with regard to defining a balanced strategy with a dynamic, fair and transparent geographical distribution of projects and investments among Member States, taking into account the special focus on the less developed countries and regions. 70 % of the EIB's total lending for 2016 (EUR 46.8 billion) is concentrated in **six Member States**, which shows that not all Member States or regions are able to benefit equally from investment opportunities.

Brexit: it was noted that the United Kingdom subscribed 16.1 % of the EIB's capital, accounting for EUR 3.5 billion of the paid-in capital and EUR 35.7 billion of the Bank's callable capital. Members asked the EIB's management to identify and swiftly inform Parliament of the impacts of **Brexit** on the EIB.

The EIB is also called on, given the most immediate challenge to it caused by the UK's decision to trigger Article 50 and recognising that the detailed terms of withdrawal cannot be pre-empted, to provide Parliament with a detailed **breakdown of the projects and stage of implementation up to end 2017**, together with a preliminary assessment of the possible risks involved.

Breakdown of investments: Members noted that in 2016 the EIB's portfolio of loans, guarantees and investments mobilised EUR 280 billion of total investment. EUR 67.7 billion of investment was related to EFSI approvals in 2016, which were dedicated primarily to smaller companies (31 %), the energy sector (22 %), and research, development and innovation (22 %). They regretted, however, that a large share of investments under the EFSI portfolio was earmarked for fossil fuel-related projects. They reiterated the need for an in-depth analysis and evaluation on the environmental impact of each project.

The report noted the EIB operations inside the EU in 2016, outlining the financing that it provided in four fundamental public policy areas, namely Innovation and Skills (19.6 % of EIB signatures in 2016 - EUR 13.1 billion), SMEs and midcaps finance (31.7 % - EUR 21.3 billion), infrastructure (27.1 % - EUR 18.1 billion), and environment (21.6 % - EUR 14.5 billion).

Members stressed the need to tailor investment programmes to **small-scale projects** in order to ensure the participation of **SMEs**. They considered that the EIB should contribute to bridging possible funding gaps for micro-enterprises, through an increased use of financial instruments and products such as microfinance facilities and guarantees.

The role of the EIB in helping to complete Europe's digital network (e.g. fast broadband) and create a **single digital market**, including digital services was highlighted.

Responding to global challenges: Members recalled that 10 % of the EIB's overall lending activity is dedicated to operations outside the Union and welcomed the fact that the overall amount offered by the EIB to project promoters outside the EU has gone up since 2015. They stressed, for this reason, the importance of the annual reporting by the EIB on its **operations outside the Union** with regard to compliance with the general principles guiding the external action of the Union.

The EIB is called on to develop a methodology, in cooperation with the EEAS and the Commission's DG DEVCO, for measuring the impact of its lending operations outside the EU on EU development cooperation overall, specifically regarding Agenda 2030 and the impact on human rights.

The report underlined that the EIB will also make **EUR 500 million available under the ACP Investment Facility** to target public sector projects with a **migration** focus.

Enhancing the EIB's corporate governance, business practices, transparency and accountability standards: Members are deeply concerned that the Bank's management has so far provided no response whatsoever to the specific provisions of Parliament's resolution on the control of the financial activities of the EIB for 2015, and recalled the need to provide for more stringent rules on **conflicts of interest** and for clear, strict and transparent criteria to prevent any form of corruption. Members called on the EIB, in this regard, in order to better prevent conflicts of interest in its governing bodies and potential '**revolving door** ' issues, to take into consideration the Ombudsman's recommendations and to revise its Code of Conduct as soon as possible.

The report also called on the EIB to:

- swiftly apply the relevant EU legislation and standards on tax avoidance, tax havens and other related issues;
- take all appropriate measures, including suspension of payments and loan disbursements, with a view to protecting the EIB´s and the EU´s financial interests whenever OLAF or criminal investigations so require;
- ensure a high quality of information regarding ultimate beneficiaries and to effectively prevent transactions with financial intermediaries having adverse consequences with regard to transparency, fraud, corruption, organised crime and money laundering or harmful social and environmental repercussions;
- report on the state of play and status of the previous recommendations issued by Parliament in its annual resolutions, especially as regards the impact of its lending activities.