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

2017/2190(INI) - 03/05/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 539 votes to 39, with 78 abstentions, a resolution on the annual report on the control of the financial activities of the European Investment Bank (EIB) for 2016.

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. The EIB was invited to present a more comprehensive, detailed and harmonised annual activity report and to improve the presentation of information on approved investments.

Promoting financially sustainable activities: Parliament expressed its support for the EIB's four public policy objectives and its two cross-cutting objectives - economic and social cohesion and the fight against climate change. Parliament expressed its support for the EIB's four public policy goals and for the two horizontal objectives which cut across those goals, namely economic and social cohesion and climate action. It considered that approval of investment projects should be based on a **sound, independent analysis** assessing the financial sustainability and risks associated with the projects.

Members reiterated their 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 catch up and benefit equally from investment opportunities. In the case of large-scale infrastructure projects, the EIB shall finance as a priority those which have demonstrated real added value for the environment, the economy or the local population.

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.

Additionality and added value: in 2016, the EIB's portfolio of loans, guarantees and investments mobilised **EUR 280 billion** of total investment.

Members noted that 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.

Parliament stressed that the EIB's activity in the current period of sluggish recovery must be carefully directed towards **high-quality projects** ensuring strengthened additionality vis-à-vis other existing Union instruments and the EIB's main operations. It called on the EIB to prove the added value of the EFSI as a financial instrument to stimulate private investment.

Achievement of the Union's general policy objectives: Parliament 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.

The EIB should pay particular attention to infrastructure projects in the most disadvantaged regions and promote the financing of projects in line with its **climate action strategy** and the Paris climate change agreement.

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.

The resolution stressed 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.

The EIB is called on 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;
- disclose OLAF's report on its **Volkswagen loan given** that the 'Dieselgate' cases raised a number of questions over the fact that Volkswagen had received EIB loans through fraud and deception.