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

2018/2151(INI) - 17/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 498 votes to 87 with 38 abstentions, a resolution on the Annual Report 2017 on the control of the financial activities of the EIB.

Members noted that the EIB is at the heart of economic recovery efforts at Union level, with two successive capital increases and through its pivotal role in implementing the Investment Plan for Europe via the management of the European Fund for Strategic Investments (EFSI).

A value-adding strategic public investment

Public investment is still necessary in order to close the investment gaps in various sectors remaining below the pre-crisis levels in most vulnerable member states and cohesion countries.

Accordingly, Members considered that the EIB has a relevant financial role, which can bring considerable results in reduction of inequalities in the Union. They called on the EIB to continue bridging recurrent investment gaps and ongoing structural market failures through designing holistic and mid-long term spending.

EIB’s lending conditions should facilitate the development of the EU’s peripheral regions by promoting growth and employment. The Bank was asked to greatly strengthen the arrangements for providing technical assistance and financial expertise to local and regional authorities before project approval.

In the framework of Brexit, the resolution stressed that detailed arrangements for all the UK’s obligations towards the EIB must be drawn up in order to ensure that the EIB’s ability to achieve its objectives is not affected.

Driving investment in key strategic areas

Half of the Member States received 80% of the total EIB investment inside the EU while the other 14 Member States received only 10% of this investment. Furthermore, three Member States individually received 16%, 15% and 11% respectively. Members asked the Bank to include in its reporting breakdown information about its investment in low income and high-income regions and examine again its estimates of per capita investments and the ranking of Member States.

They called on the EIB to aim to become a **climate action** leader and to increase investment in the renewable energy and energy efficiency sector. Parliament noted that the EIB has committed 25 % of its total financing to projects relating to climate change, rising to 35 % by 2020, a trend that should be should be assessed positively. It welcomed the EIB's commitment to align its operations with the 2015 Paris Agreement by 2020. It encouraged the EIB to:

-increase investment in the renewable energy and energy efficiency sector, as well as to consider that goal as a priority in the revision of its energy lending criteria;

-strengthen its presence and activities in the Western Balkan countries, as they are strategically important for the EU;

-bridge SME's lack of access to credit by enhancing existing programmes, such as the European Progress Microfinance Facility, and by increasing the funding allocated to them.

Performance of the EIB's financial operations

Parliament reiterated their call for the EIB to produce a more comprehensive, detailed and harmonised annual activity report. The report should include detailed and trustworthy breakdowns of the investments approved, signed and disbursed for the given year and the financing sources engaged (own resources, EFSI, EU centrally managed programmes, etc.), as well as such information regarding beneficiaries (Member States, public or private sector, intermediaries or direct recipients), sectors supported, and the results of the ex post evaluations.

EFSI development

Parliament noted that the EIB Group (EIB and EIF) has seen a marked change in the nature, volume, risk profile and complexity of its business over recent years under the European Fund for Strategic Investment ('EFSI'), with a trend towards an increasing number of smaller operations backed by the EU guarantee under EFSI, and a significant increase of mandates under management on behalf of the Commission and in the provision of advisory services. As at the end of 2017, the EIB group had signed 606 operations under EFSI for a total financing of EUR 37.4 billion to mobilise investments of EUR 207.3 billion in all 28 Member States.

Human Rights

The EIB was asked to establish a Human Rights Strategy and to set up an effective mechanism whereby human rights defenders could safely alert the bank about deteriorating environment or risks of conflict and reprisal.

Enhancing transparency and accountability in EIB corporate governance

Parliament called on the EIB to: (i) extend the information published for projects implemented through intermediaries by including information on final projects; (ii) disclose, on its own website, beneficial ownership data relating to its clients in order to increase the visibility of its operations and help prevent cases of corruption and conflict of interest; (iii) include a EU standard provision on good governance in tax matters for agreements with third countries; (iv) adopt responsible taxation policy ensuring that the EIB does not finance clients involved in tax avoidance and tax evasion schemes or operating via tax havens.

European Parliament scrutiny

Parliament supported the European Court of Auditors' position that the Court should be mandated to audit all EIB operations including those where the EIB uses non-EU budget funds for its operations. It also suggested that it should organise an annual workshop/hearing on activities and control of the EIB operations.

the EIB was asked to report on the state of play of the previous recommendations issued by Parliament in its annual resolutions, especially as regards: (i) the impact of its lending activities and results achieved; (ii) prevention of conflict of interests especially of the members of the EFSI Investment Committee and the EIB Board of Directors and provision of more stringent rules on conflicts of interest in the relevant Code of Conducts and especially of that of the Management Board and the Board of Directors; (iii) transparency and disclosure of information on contracting and subcontracting system concerning intermediaries and final recipients in relation to prevention of tax avoidance, fraud and corruption.